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DEFENSE



OFFICIAL WEEKLY BULLETIN OF THE OFFICE FOR EMERGENCY MANAGEMENT

OFFICE OF PRODUCTION MANAGEMENT, NATIONAL DEFENSE ADVISORY COMMISSION, DEFENSE HOUSING COORDINATOR, DEFENSE COMMUNICATIONS BOARD, COORDINATOR OF HEALTH AND WELFARE, NATIONAL DEFENSE RESEARCH COMMITTEE, NATIONAL DEFENSE MEDIATION BOARD, DEFENSE AID REPORTS, COORDINATOR OF COMMERCIAL AND CULTURAL RELATIONS BETWEEN THE AMERICAN REPUBLICS, STATE AND LOCAL COOPERATION, OFFICE OF PRICE ADMINISTRATION AND CIVILIAN SUPPLY

WASHINGTON, D. C.

MAY 13, 1941

VOLUME 2, NUMBER 19

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Review of the Week in Defense

Maximum use of idle labor and idle machinery for national defense in compliance with the demand of President Roosevelt for greater production is being sought by the Office of Production Management, Associate Director General Sidney Hillman stated at a press conference last week.

Employment of three or four shifts of workers on 40-hour weeks is being studied, Mr. Hillman said. Such a spread of work, he pointed out, cannot be accomplished until additional primary contractors enlist the aid of smaller sub-contractors.

With regard to the supply of skilled labor, Mr. Hillman said that the millionth trainee in the vocational program will soon be graduated.

Mr. Hillman subsequently reported that additional defense contractors have agreed to hire Negro skilled workers.

Forecasts of greater production

Meanwhile other forecasts of greater production came from the following:

Joseph L. Trecker, co-chief of subcontracting for the Defense Contract Service, stated that the country is using not more than 50 percent of its productive capacity, either in machines or machine-hours.

He assured a regional meeting of the National Association of Manufacturers at San Francisco that requirements for defense are "so staggering" that every qualified factory owner would have far more work than could be done "at a comfortable pace."

Floyd W. Reeves, director of labor supply and training in the Labor Division, in an address at Oklahoma City said that "defense production must be doubled, and then doubled again, and still again and again."

The increase in some instances must be as much as 1,000 to 3,000 percent, he said. Millions of workers must be found and trained.

OPM Director John D. Biggers told the Philadelphia Ordnance Association that "today we are faced with the production roughly of 4 billion dollars' worth of ordnance equipment"—an increase of 14,000 percent over the 20-year average expenditure of 28 million dollars.

Airplane deliveries

Meanwhile, the OPM announced that April deliveries of airplanes numbered 1,427—a new record in production and more than 3 times the output a year ago.

Tin conservation

Can manufacturers were called upon to reduce tin coating by 10 percent to speed up the accumulation of tin reserves "necessary for national defense."

Savings of about 17 percent of the tin used by the container industry were anticipated.

Cotton duck production

Cotton duck manufacturers making ply yarn duck—used for tents, truck covers, cots, hammocks, etc.—agreed to study the possibilities of increasing production, at the request of the OPM.

New factories

The Government on March 30 has been committed to spend almost 2 billion dollars on new factories in building an "arsenal of democracy," the OPM disclosed. Commitments of private industry to build such facilities amounted to 977 million dollars as of March 15.

Priorities

While Congress was considering legislation to strengthen priority control of the Nation's resources, the OPM Priorities Division issued a revised Priorities Critical List, including 45 new items.

Maximum prices fixed

Continuing its war on price increases, the Office of Price Administration and Civilian Supply sent a letter to tool makers asking them not to raise prices at this time. A revised schedule fixing maximum prices for scrap iron and steel was issued to eliminate inequities in the original schedule.

Leon Henderson, OPACS Administrator, told the House Ways and Means Committee that he expected that by next May "we will be paying out at least 2 billion dollars a month on the defense program."

Nutrition conference

Plans for a National Nutrition Conference for Defense in Washington on May 26, 27, and 28, were announced by Federal Security Administrator Paul V. McNutt. The conference, he said, will make recommendations to the President for an immediate program of action affecting the health of the Nation.

Mediation Board

The National Defense Mediation Board, while continuing negotiations with parties in the General Motors dispute, reported that agreements to return to work had been obtained in four cases from May 2 to 10.

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Exchange to limit price on copper futures

The Commodity Exchange, Inc., of New York City has agreed not to permit the opening up of new positions in the futures market for "Standard" copper at prices in excess of 11½ cents a pound, Administrator Leon Henderson, Office of Price Administration and Civilian Supply, announced May 5.

This action was taken at the suggestion of Mr. Henderson and is in line with the suggestions he made in a statement issued April 25 regarding proper maximum prices for various grades of copper and of brass ingot.

"Standard" copper is the term used on the Commodity Exchange to describe the base unit from which prices of other grades of copper are measured. By definition it is of lower grade than electrolytic copper and hence its price is lower than that of electrolytic.

The Commodity Exchange has informed OPACS that with electrolytic copper selling at not in excess of 12½ cents Connecticut Valley the proper relative price for "Standard" copper on the futures market should be approximately 11½ cents.

DEFENSE

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President creates Division of Defense Aid Reports to facilitate Lend-Lease work

By Executive order dated May 2, President Roosevelt established within the Office for Emergency Management the Division of Defense Aid Reports, to facilitate activities under the Lend-Lease Act. By Military order dated May 6, the President designated Maj. Gen. James H. Burns, U. S. A., as Executive Officer of the Division. The orders follow:

EXECUTIVE ORDER

By virtue of the authority vested in me by the Constitution and Statutes and by the Act of March 11, 1941, entitled "An Act to Promote the Defense of the United States" (hereafter referred to as the Act), in order to define further the functions and duties of the Office for Emergency Management of the Executive Office of the President in respect to the national emergency as declared by the President on September 8, 1939, and in order to provide for the effective administration of said Act in the interest of national defense, it is hereby ordered as follows:

1. There is established within the Office for Emergency Management of the Executive Office of the President the Division of Defense Aid Reports, at the head of which shall be an Executive Officer appointed by the President. The Executive Officer shall receive compensation at such rate as the President shall approve and, in addition, shall be entitled to actual and necessary transportation, subsistence, and other expenses incidental to the performance of his duties.

Channel for clearance

2. Subject to such policies and directions as the President may from time to time prescribe, the Division of Defense Aid Reports shall perform and discharge the following described duties and responsibilities:

a. Provide a central channel for the clearance of transactions and reports, and coordinate the processing of requests for aid under the Act.

b. Maintain such system of records and summary accounts to be approved by the Bureau of the Budget, as may be necessary for adequate administrative and financial control over operations under the Act and as will currently reflect the status of all such operations.

To report progress

c. Prepare such reports as may be necessary to keep the President informed

of progress under the Act; assist in the preparation of reports pursuant to Section 5b of the Act; and serve generally as a clearing house of information for agencies participating in the program.

d. Perform such other duties relating to defense aid activities as the President may from time to time prescribe.

3. Within the limitation of such funds as may be allocated for the Division of Defense Aid Reports by the President, the Executive Officer may employ necessary personnel and make provision for the necessary supplies, facilities, and services. Insofar as practicable, the Division of Defense Aid Reports shall use such general business services and facilities as may be made available to it through the Office for Emergency Management or other agencies of the Government.

FRANKLIN D. ROOSEVELT

MILITARY ORDER

By virtue of the authority vested in me as President of the United States and as Commander in Chief of the Army and Navy of the United States, I hereby designate Major General James H. Burns, of the United States Army, as Executive Officer of the Division of Defense Aid Reports in the Office for Emergency Management, to administer the functions described in the Executive Order establishing said Division, which functions are essentially of a military character, under the direction and supervision of the President as Commander in Chief of the Army and Navy of the United States.

FRANKLIN D. ROOSEVELT

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HELIUM PLANT GUARDED

Steel guard towers and a 7-foot woven wire fence will protect the Bureau of Mines' plant at Amarillo, Tex., which is the world's sole producer of helium, it has been reported by Dr. R. R. Sayers, director of the Bureau, to Secretary of the Interior Harold L. Ickes.

The Bureau, said Director Sayers, wants to insure that no interruptions will occur to operations at the helium plant so that production of the vital gas and shipment to the Army and Navy for defense purposes may continue on schedule.

President transfers agricultural defense to Wickard; Hutson named as chief

President Roosevelt on May 6 announced that the functions of the Division of Agriculture of the National Defense Advisory Commission were transferred to the Department of Agriculture, effective May 5. The group will now be known as the Office for Agricultural Defense Relations. Chester Davis resigned as agricultural member of the Advisory Commission, and Secretary of Agriculture Claude R. Wickard on May 7 named as chief John B. Hutson, who had been Deputy Commissioner for Agriculture for the Commission. Texts of the President's letter announcing the transfer, and of Mr. Davis' resignation and Mr. Roosevelt's acceptance, follow:

MY DEAR MR. SECRETARY:

As emergency defense activities continue to develop and expand, I am deeply concerned that adequate provision be made for the correlation of agricultural operations with other elements of the national defense program. Up to the present time, the principal responsibility for bringing agricultural activities into proper focus in relation to defense has been vested in the Division of Agriculture of the National Defense Advisory Commission. With the aim of further strengthening the emergency organization for defense, I believe it now desirable to place these special defense activities directly in the Department of Agriculture where they will be brought closer to the established agricultural programs of the Government.

To aid Department also

Accordingly, I am placing in the Department of Agriculture, effective May 5, 1941, those functions which were previously assigned to the Division of Agriculture of the National Defense Advisory Commission. To provide for the conduct of these functions, it is my desire that you establish within your immediate office an "Office for Agricultural Defense Relations." This Office, directed by a responsible official and consisting of a small group of policy and liaison persons, should not only continue those activities previously performed by the Division of Agriculture but should also assist you in carrying out the defense activities now located in the Department.

In requesting the creation of this Office, I am taking the position that, broadly conceived, the most vital operating functions of agriculture in the defense program are, first, the guarantee of an adequate supply of food for the needs of this Nation and supplemental needs of those nations whose defense is essential to the defense of this country; and second, the provision of sufficient agricultural raw materials for expanded defense production. In the accomplishment of these major purposes, it will be necessary to assure that the agricultural balance is not destroyed and that the consequent ability of the agricultural population to fulfill its contribution to the defense effort is not impaired.

Coordination and planning

With this concept of the role of agriculture in defense, I suggest that the Office for Agricultural Defense Relations perform the following duties under your supervision:

1. Serve as a clearing house to bring into common focus the consideration of agricultural needs and problems as they relate to the defense program;
2. Facilitate the coordination of defense operations carried on by the various bureaus and agencies of the Department of Agriculture;
3. Assist the Secretary in the maintenance of effective channels of communication between the Department of Agriculture and the several agencies of the Office for Emergency Management, the Departments of War and Navy, and other defense agencies, with respect to problems of procurement, production, priorities, price, and other activities involving agricultural considerations;
4. Assist in the planning of adjustments in the agricultural program in order to meet defense needs.

Even though located within the Department of Agriculture and responsible directly to you, this special Office should be considered an integral part of the emergency defense organization. In this role, the Office will be in a strategic position to work and cooperate with the several units of the Office for Emergency Management, the War and Navy Departments, and other defense agencies.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

Mr. Davis' resignation

DEAR MR. PRESIDENT:

I tender you herewith my resignation as the agricultural member of the National Defense Advisory Commission to take effect now, or on a subsequent date at your pleasure.

PRODUCTION . . .

Mehornay expects new subcontract plan; not over 50 percent capacity used—Trecker

The Army-Navy Munitions Board, in a recent check, found that 3,750 direct contractors were using some 28,000 subcontractors and sub-subcontractors, which is an average of nearly six establishments at work on some operation of each order, Robert L. Mehornay, Chief, Defense Contract Service, OPM, told the Mid-Central Board at Kansas City, Mo., May 12.

However, according to a statement released on the same day by Joseph L. Trecker, co-chief of subcontracting for the Defense Contract Service, the United States is using not more than 50 percent of its productive capacity.

Possible measures to correct this situation and push production were outlined by Mr. Mehornay in his Kansas City address, excerpts of which follow:

So far it has been the theory that the Services should place the contracts with prime contractors and that the spreading of the work thereafter was the job of the prime contractor.

The sentiment in this connection is changing rapidly, and it is my belief that it will be but a short time until a definite, formal plan will be forthcoming.

Subcontracting specified in contracts

I am completely convinced that service officers and production engineers must be given an opportunity before the contracts are signed to analyze them with this one point in view, and to determine what part

of the work a manufacturer might reasonably be expected to "farm out" to subcontractors to increase his volume or decrease his time. Our engineers do not now have such an opportunity, except in occasional cases. Before a contract is cleared finally, I believe there should be conferences with the prospective contractor to obviate injustices and to analyze his possibilities, and to reach a definite and binding understanding that should be written into the contract. A fixed percentage of subcontracting might well be specified, varying according to the type of work to be done and the facilities available.

In my opinion, putting definite subcontracting clauses in the big contracts will not constitute undue compulsion, which I abhor. It will merely take the matter out of the "no man's land" of uncertainty, and put it on a sound business basis.

Another device which we have used to some extent to encourage immediate subcontracting and which we should use more is the withholding of machine-tool deliveries and priorities from prime contractors when we know that they can do their jobs on schedule by utilizing existing machines in other plants. Every existing machine that we can put to work on defense orders where it stands means we are that much further along in our effort to overcome the machine-tool shortage.

This step seems to be required as a result of recent developments. It will clear the way for the remaining steps in the liquidation of the Agricultural Division.

I have had one discussion with Harold Smith over the disposition of the remainder of the Agricultural Division and, with your approval, I should like to work out with him arrangements for winding up its work and closing its records.

Again I wish to thank you for having given me this opportunity to work for you.

Sincerely yours,

CHESTER C. DAVIS.

Mr. Roosevelt's acceptance

DEAR CHESTER:

It is with real regret that I accept your resignation, tendered in your letter of

April 22d and effective this date, as agricultural member of the National Defense Advisory Commission.

Your sincere efforts in bringing to the defense organization a recognition of the services which the agricultural population has to offer, and the consideration which this group in turn must receive, have been of outstanding value to the progress of our defense effort. You have discharged each of your many responsible assignments in this Administration with vigor and ability, and with the best interests of American agriculture in mind. I know that I can count on you for further assistance if the need arises.

May I again wish you happiness and success in the new work which you have undertaken.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

Manufacturers asked to reduce tin coating of most cans to save metal for defense

The Office of Production Management called upon can manufacturers May 5 to make a 10 percent reduction in the tin coating of most cans in order to speed up the accumulation of tin reserves "necessary for the national defense."

W. L. Batt, deputy director of the Production Division, OPM, requested the reduction and other conservation measures in letters addressed to members of the can manufacturing industry and to the makers of tin plate. He said it was expected that savings approximating 17 percent of the tin consumed by the container industry would result.

Supply dependent on shipping

Pointing out that all of this country's sources of tin were dependent upon water-borne transportation, with 90 percent of it coming from the Straits Settlements and the Dutch East Indies, Mr. Batt wrote:

"Consequently, it is essential in order to safeguard our defense production that we build up our reserves in this country. Between Government stock piles, inventories of consumers and manufacturers, and tin afloat, it is estimated that we now have sufficient tin to carry us through for about 14 months. In order to accelerate the acquisition of tin necessary for the national defense, it is necessary to restrict its use."

The can manufacturers were told that they might continue to use the present amount of tin coating on containers designed for certain packs, such as grapefruit, plums and sauerkraut, and many other products.

They were asked, however, to adopt the following conservation measures with regard to containers for other packs:

1.35 pounds per base box

1. For most types of tin cans use tin plate with a tin coating weighing 1.35 pounds per base box instead of 1.5 pounds as at present. (A base box is 112 sheets of tin plate 14 inches by 20 inches, or the equivalent.) The manufacturers may continue to use 1.5 plate for containers designed for certain packs, which were listed.

2. Substitute terneplate for tin-coated containers wherever feasible. Terneplate is made of tin and lead and requires less tin than tin plate. Terne-

plate is already being substituted for tin plate in many types of paint cans.

3. Use black plate instead of terneplate wherever terne or tin coatings are not required. Black plate is plain uncoated sheet steel. It is already being used for the sides of some containers, such as oil cans.

Effective May 30

The can manufacturers were asked to put the suggested policies into effect on and after May 30, 1941, and to continue them "through the present emergency or until you are notified to the contrary" by OPM.

The tin plate manufacturers were asked to begin conforming their manufacturing practices to the new can specifications not later than May 15.

The request for savings was made following conferences with members of the can manufacturing industry, who said that, if the Government found it necessary to request a 10 percent reduction in the weight of the tin coating of cans, such a reduction could be made safely for about 95 percent of all tin can uses.

Reductions and exceptions listed

Information for manufacturers of cans and tin plate, based on those canned foods listed in "The Canned Food Handbook," seventh printing, published by the American Can Co., said a reduction was permissible with respect to all items listed under fish and shellfish, ready-made entrees and soup. Items on which no reduction is permissible are as follows:

Fruits: Apple products, all styles except applesauce; whole apricots, peeled or unpeeled; halved apricots, peeled or unpeeled; berries, all varieties except blueberries in plain cans; cherries, all varieties; cranberry products; currants, fruits, spiced and pickled; fruits, strained; grapefruit, grapes, ripe olives, papayas, peaches, spiced; pears, spiced; plums, prunes, dry or in syrup; quinces, rhubarb. (The 10 percent reduction in weight of tin coating for peach and pear cans is permissible only where type L steel base plate is used.)

Vegetables: Green beans, all styles in inside enameled cans; dry beans, Mexican style; beets, all styles; carrots, all styles in inside enameled cans; pickles, sauerkraut, strained and chopped vegetables, all varieties.

Specialties: Chow-chow, fruit butters, jams and jellies, marmalades, milk, sweetened condensed; mincemeat, puddings, plum and spiced.

Meats and Meat Products: Chili con carne, frankfurters, and sauerkraut.

Juices: All food juices, except clam, pineapple and tomato.

Cotton duck makers explore ways to increase production

At the request of the OPM, cotton duck manufacturers making ply yarn duck are exploring the possibility of increasing production in each of their plants if the additional production proves necessary for defense purposes.

Disclosing that such manufacturers met May 8 at the request of the Textile Unit of OPM, Frank Walton, chief consultant of the Unit, said that every one of the producers present offered to cooperate in every way possible.

Cotton duck is an important defense item, being used for tents, tarpaulins, truck covers, clothing, equipment such as cots, hammocks, and duffle bags, and a number of other purposes. The mills are operating two and three shifts now with some overtime to take care of the defense program. However, Mr. Walton said it was evident from the cooperation shown in the meeting and the suggestions made, that considerably more production could be developed promptly.

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Leather consultant named

Appointment of Maj. Joseph W. Byron, president of W. D. Byron & Sons, Inc., of Williamsport, Md., as chief consultant of the leather unit, Materials Branch, OPM, was announced May 6 by John D. Biggers, Director of the Production Division.

Major Byron takes the place of H. M. McAdoo, chief consultant for the last few months, who is returning to the presidency of the United States Leather Co., New York City.

Major Byron, a 1914 graduate of the United States Military Academy at West Point and a United States Army major from 1914 to 1919, when he resigned, is a member of the executive committee of the Tanners Council of America and has been in the volunteer service of the Administrator of Export Control, Gen. R. L. Maxwell.

M. A. Watson, a consultant in the leather unit, also is returning to private business. He is executive vice president of the Tanners Council of America.

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1,427 PLANES IN APRIL

The Office of Production Management announced May 5 that military aircraft manufacturers delivered 1,427 airplanes during April.

PRIORITIES . . .

45 items added to critical list; definition of parts, accessories broadened

A revised and expanded Priorities Critical List, including approximately 45 new items, was made public May 8 by Director E. R. Stettinius, Jr., Division of Priorities, Office of Production Management.

The list includes the 16 metals and classes of metals which were put under inventory control on May 1. All metals except a few precious ones are now covered by the list.

New definition of accessories

Mr. Stettinius pointed out that the new list, in its introduction, contains a definition of parts and accessories which says:

"The items that appear on this list shall be deemed to include all fabricated, mechanical, or electrical component parts and accessories necessary for the

completion, maintenance, or mechanical operation thereof, excluding raw materials unless specifically included in the list."

This constitutes a new definition, for in the previous list—issued on March 15, 1941—items on the list were deemed to include fabricated parts and accessories which were "designed to meet military specifications, and as designed are not commercially useful for civilian purposes." The main difference between the two definitions is that the new one does not include the limitation as to the military character of parts and accessories of listed items.

The Priorities Critical List is a compilation of items on orders for which the appropriate Army and Navy representatives may issue preference rating certificates automatically. Army and Navy

procurement officers and inspectors may also assign preference rating certificates on subcontracts for these items, subject to regulations as set forth in the War and Navy Department instructions.

The new Priorities Critical List appears on page 17 of this issue.

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OPACS and Priorities coordinating activities

Plans designed to coordinate closely the operations and activities of the Office of Price Administration and Civilian Supply and the Priorities Division are being worked out by officials of the two agencies.

A joint statement on the subject was issued May 5 by Director E. R. Stettinius, Jr., Priorities, and Administrator Leon Henderson, OPACS. Their statement said:

"We recognize military defense needs as our first and most important consideration and responsibility. Without conflicting with the production of military defense needs, we must provide the necessary supplies of materials and commodities required for civilian use and for protection of public health, welfare, and safety.

In complete agreement

"To assure efficiency, and to increase the effectiveness of those programs, it is essential that we coordinate most closely the activities of the OPACS and the Division of Priorities.

"The Director of Priorities and the Administrator of OPACS are in complete agreement on policies and objectives, and both intend to make full joint use of the services and facilities of the two agencies without duplication of effort or activities.

"We expect all staff members to reflect this agreement through full cooperation in the use and exchange of the facilities and services of the two agencies.

"Mr. Blackwell Smith, as Assistant Director of Priorities, and Mr. Joseph Weiner, as Assistant Administrator of OPACS, will develop plans and procedures to make the coordination of activities efficient, and later directives to the staffs of the divisions will make those plans and procedures effective."

Martin to execute inventory control; asks cooperation in interest of defense

Director Stettinius announced May 8 that Laurence J. Martin has been added to the executive staff to take over the job of handling the new metal inventory regulations announced May 1.

Mr. Martin is on leave from his post as assistant to the president of Thomas A. Edison, Inc., Orange, N. J. Inquiries relating to the inventory regulations should be addressed to Mr. Martin at room 3349, New Social Security Building, Washington, D. C.

Success depends on cooperation

Following the announcement of Mr. Martin's appointment, he and Mr. Stettinius issued a joint statement asking American businessmen to give their "fullest cooperation" in working out the problems arising in connection with inventory control. Their statement said:

"The form of inventory regulation now imposed on sixteen metals and classes of metals is a mild one and depends, for success, on the fullest cooperation from all concerned.

"We believe that no amount of law, no amount of auditing or field inspection, no potential penalties can possibly

take the place of industry-wide cooperation, freely and willingly given.

"The only purpose of the inventory regulations is to make the metals affected available in quantities as large as possible for defense purposes.

"To accumulate industrial inventories to a point higher than that necessary to meet required deliveries efficiently, is an act which, in the light of the shortages which exist, is definitely against the national interests. To keep inventories to reasonable levels is an act definitely helpful to national defense.

"Between these alternatives—aiding defense or not aiding it—there can be no question as to which one industry will adopt. But this will take active rather than passive cooperation to make sure that the system works smoothly. This job is a big one, and one in which industry, through cooperation, can play a tremendously important role."

When the new inventory regulations were announced, it was pointed out that if the present mild controls were not successful, other steps would have to be taken to make sure that the metals affected were made available for defense needs before all other needs.

MEDIATION BOARD...

620,453 workers involved in cases for which Board has obtained agreements, settlements, or postponements of threatened strikes

Agreements to return to work were obtained by the National Defense Mediation Board May 2 through May 10 in four disputes. In two additional cases the Board obtained postponement of a threatened strike and settled one, subject to union ratification. A seventh case was returned to the Secretary of Labor as outside the board's jurisdiction, since it involved a dispute between two unions.

During the same period the Board received nine new disputes. In the 6 weeks since the first certification (March 27), 32 cases have been referred to the Board.

Since March 27 a total of 620,453 men either have returned to work on defense jobs following agreements settling their disputes or have postponed threatened strikes at the request of the Board.

Of the 32 cases referred to the Board 7 were received prior to a strike. One of them was the interunion dispute referred to above. In the 6 other cases, strikes were postponed at the request of the Board. Hearings before the Board have resulted in agreements settling 4 of these, and a fifth, General Motors, is now being heard. The sixth, Bendix Aviation Corporation, is set for hearings May 21.

Of the 25 remaining cases, agreements to return to work have been reached in 19. Of the remaining 6, hearings or direct negotiations between the parties are now being held in 3, and the remaining 3 cases are scheduled for early meetings with the Board.

In the case of General Motors Corporation, certified to the Board April 25, the hearings, which began Thursday, May 1, were continued all last week.

Hearings were held during the week for the first time in the following cases: Minneapolis-Honeywell Regulator Co., Minneapolis, Minn., on May 5; Utica-Mohawk Cotton Mills, Utica, N. Y., on May 6; Allis-Chalmers Manufacturing Co., Pittsburgh, Pa., on May 7; J. Sklar Manufacturing Co., Long Island City, N. Y. (resumption of hearings), on May 7; and Continental Rubber Co., Erie, Pa. on May 9.

Cases settled are:

Minneapolis-Honeywell Regulator Co.,

Minneapolis, Minn. This concern had 2 million dollars in contracts for artillery equipment. The dispute, involving 2,000 men, was with the United Electric Radio and Machine Workers, CIO, and the issue was union recognition. The strike was set for midnight April 28; the dispute was certified to the Board the same date, and the strike was postponed at the request of the Board. The Board met with the parties May 5 and 6, and agreement was reached May 6, subject to union ratification.

Allis-Chalmers Manufacturing Co., Pittsburgh, Pa., manufacturers of generators and turbines. The dispute, involving 1,252 men, was with the United Electrical Radio and Machine Workers, CIO, and the issues involved wages and renewal of agreement. The case was certified to the Board May 3. The strike was set for May 5 and was postponed at the request of the Board. The Board met with the parties May 7, 8, and 9, and agreement was reached on May 9, subject to union ratification. Following the agreement the corporation's representatives invited the union representatives to lunch.

J. Sklar Manufacturing Co., Long Island City, N. Y., manufacturers of surgical instruments. The dispute was with the United Electrical Radio and Machine Workers, CIO, and involved 495 men over the issues of wages, renewal of agreement, and working conditions. The strike began April 4 and the case was certified to the Board April 9. Both parties met with the Board April 16-21 and thereafter returned to New York for direct negotiations which continued through May 6. Failing to reach an agreement, the parties resumed meetings with the Board May 7. An agreement was reached the same day. It was ratified by the union the following day and production was resumed.

The fourth settlement was in the case of a month-old strike at Arcadia Knitting Mills, Allentown, Pa. Agreement was reached settling this strike of 210 men on May 6.

Agreements to return to work

United Engineering and Foundry Co.,

Vandergrift, Pa., manufacturers of machine casting, heavy and coast artillery, and machine tools. The dispute is with the Steel Workers Organizing Committee, CIO, involving 900 men over the issues of wages, union shop, time and a half on holidays, and renewal of agreement. The strike began at midnight May 6. The case was certified to the Board May 9 and hearings are set for May 14 at 10 a. m. At the request of the Board, the men returned to work May 10, with the understanding that the settlement terms were to be made retroactive to the date production was resumed.

Allis-Chalmers Manufacturing Co., LaPorte, Ind., manufacturers of anti-aircraft gun mounts. The dispute is with the Farm Equipment Workers Organizing Committee, CIO, involving 1,150 men. The issues are renewal of agreement, union shop, strike and lock-out clauses, and arbitration. The strike began May 7 and was certified to the Board May 9. At the request of the Board, the strike was called off May 10, pending settlement of the dispute, with the understanding that the ultimate settlement will be made retroactive to the date production was resumed.

Certifications

Continental Rubber Co., Erie, Pa., manufacturers of synthetic rubber for aircraft engines. The dispute is with the United Rubber Workers, CIO, and involved 840 men over the issues of wages, vacations with pay, and a closed shop. The strike began April 2 and was certified to the Board May 5. The Board met with the parties on May 9. The panel consists of Frank Graham for the public, Roger Lapham for employers, and Emil Rieve (alternate: H. W. Payne) for labor.

Bendix Aviation Corporation, South Bend, Ind., manufacturer of planes for the Army. The dispute is with the United Automobile Workers, CIO, involving 8,100 men, and wages are the issue. The strike was set for May 7, and the case was certified to the Board the same day.

The panel comprised Walter Stacy for the public, Walter Teagle for employers, and Emil Rieve for labor. Hearings were held May 12 at 10 a. m.

Ex-Cell-O Corporation, Detroit, Mich., manufacturers of machine tools and aircraft parts. The dispute is with the United Automobile Workers, CIO, and involves 3,500 men. The issue is wages. The strike began May 5, and the case was

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certified to the Board May 8. Hearings were held May 12 at 10 a. m.

Twin District Council, Seattle, Wash., comprising 50-60 employers in the logging and milling industry. The dispute is with the International Woodworkers of America, CIO, and involves 10,000 men. The strike began May 9, and the case was certified to the Board as of the same date. Hearings have not been set, nor has the panel been selected.

The Utica Mohawk Cotton Mills, Utica, N. Y., with contracts for 2 million dollars' worth of sheets for the Army. The dispute is with the Textile Workers of America, CIO, and involves 2,000 men. The strike began March 24. The case was certified to the Board April 30. Hearings were held May 6 and 7 and resumed May 12 at 10:30 a. m.

The Busch-Sulzer Brothers Diesel Engine Co., St. Louis, Mo. The case was certified to the Board May 2. Under date of May 8, Ralph T. Seward, executive secretary of the Board, addressed a letter to Secretary of Labor Frances Perkins explaining the Board's reasons for declining jurisdiction. Mr. Seward explained that paragraph 2 of the Executive order "contemplates certification to this Board only of disputes between employers and employees."

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8,000 more reserve officers

More than 8,000 young officers will go on active duty in the United States Army this summer upon being commissioned second lieutenants at the completion of their training in the Reserve Officers' Training Corps, and upon being graduated from college, the War Department announced May 6. In addition, the Army will commission 10,000 from the Officer Candidate Schools set up for enlisted men and warrant officers.

Unlike World War days when the Army began its tremendous expansion with only about 3,000 Reserve officers to draw upon, in the present defense emergency there is a pool of more than 100,000 Reserve officers, of whom 44,000 are on active duty. This Reserve officer reservoir has been built up from graduates of the R.O.T.C., C.M.T.C., United States Military and Naval Academies, Air Corps Training Schools, enlisted men and warrant officers of the Regular Army, and qualified civilians.

LABOR . . .

Hillman describes four-shift, 160-hour week to speed production

At his press conference May 7, Associate Director Sidney Hillman, OPM, described the working out of a 160-hour, four-shift work week for some industries to speed defense production. Excerpts from the conference follow:

Q. Mr. Hillman, there has been some discussion in connection with trying to put on three or four shifts that certain labor union contracts which provide double time for Sunday and time and a half for Saturday may have to be relinquished.

A. It is not the program for four shifts. It is not completed. We haven't quite agreed as to just how we will handle it but I have reported to our Labor Advisory Board last Friday. I didn't ask them for a decision. I just reported to them what we are doing and I am getting committees from the AFL and CIO to work with me on the proposition. If we come to an arrangement of four-shift employment what we will do is distribute to each one of the shifts a portion of the overtime payment. We think of these shifts as rotating shifts. In four weeks every person will work in a particular shift and we will figure out exactly what they would get individually if they were working on overtime and part of the overtime will be allocated to each one of the four shifts. If it is, maybe, 12½ percent premium or 10 percent or 15 percent premium, depending on how it will be worked out but it will not be taking away any of those overtime premiums.

None to work over 40 hours

Q. No particular worker may work more than 40 hours a week?

A. That's right because there is no possibility of working more than 40 hours. There will be no work on Sunday from 7 o'clock in the morning to 3 o'clock in the afternoon. This will be given for cleaning up and for maintenance.

Q. It isn't clear to me as to whether everybody on these four shifts would be rotating so that one week in four a man would be working on an overtime shift.

A. He will work in the four weeks in each of the four shifts; he will work a night shift, an early morning—each one of them will participate in working one shift, number one A will work number one shift the first week; number two,

three, and four will just follow it and there will be a rotation of the shifts.

Q. Will there be any rotation as regards working Saturdays and Sundays?

A. It will be all rotated. It is figured out that they will, each one of them—I haven't got the exact way in which it will be done—in 4 weeks will work on each shift provided for. He will work 1 week out of 4 on Saturday, 1 week out of 4 on Sunday and he will work night work.

Q. Doesn't that impair a man's efficiency to change the working hours and sleeping hours?

A. Every 3 weeks—the fact is you will have that 7 to 3 for adjustment and the fact is people will work only 8 hours, so there will be no efficiency impaired.

Q. The first week he works from 7 a. m. until the middle of the afternoon and the next week he goes to work in the middle of the afternoon and works to midnight?

To provide eight-hour rest

A. It will be some way with an 8 hours' rest in between. As a matter of fact, this kind of rearrangement will protect us against the fatigue that is bound to show its results in industries where we are working a great deal of overtime today.

Q. Is it feasible and legal for you to insist that the prime contractor shall sublet a certain percentage of his work to subcontractors?

A. I am not going to pass on a legal matter but I'd say, when we award a contract we can make terms for the contract that we insist upon as part of the contract.

Q. Is there any form of persuasion to make them sublet the contracts other than writing it in the contract?

A. It is being done right now without writing it into the contract. I don't think it is necessary. What is necessary is to establish a way of showing them that it can be done and to let them know what it would take to make subcontracting feasible in their set-up.

Q. Mr. Hillman, in connection with getting industry on a 24-hour basis, do you have any new plans for orderly recruitment of these additional men?

A. The organization that we have set-up, I think, can function just 100 percent. Our difficulty right now is to see that industry primarily cooperates. What I

mean by cooperates is that they take their people, their needed help from the Employment Service. Now, we have coordinated all the activities for employment. We have asked people to register with the Employment Service, and they are doing it to a very satisfactory degree so that we have got today a pool where all the employable people are registered. We are going further and asking industry and labor unions to find people who are working on less skilled jobs who could be upgraded and promoted to more skilled jobs; but in order to have these agencies really function effectively, we must ask the contractors in general, the employers of labor, to avail themselves of the service given by the Employment Service. Now, I have been harping that in New York State they are not doing enough. They are still, some of them, utilizing their foremen for trying to get labor from other plants.

Age limits

Q. Have you had to ask any industries to lift their age limit on recruitment?

A. I would not say that industries—we have to do that in individual instances. It is again the practices of the last ten years where some employers believed that unless people were available of a certain age and a certain skill, they said that there were shortages. Of course we are trying to educate them to the new situation that when we have people over 40 or 50 that we don't consider it a shortage of labor; and even if we have to retrain people, it doesn't mean that we haven't got skilled labor.

Q. Does it look, Mr. Hillman, like there is enough skilled and semiskilled labor to take care of this?

A. I am rather happy to say that our organization of the whole labor supply, now ten months after the defense program—that we still don't know of real shortages. We still are able to upgrade, to supply the labor. Now, what is necessary—say you know it is reported to me by the people in training within industry—is to get the employers more and more to recognize that there may be a problem of shortages so that they are prepared in time for training for it.

Full utilization vs. longer hours

Q. Now, when this thing gets under full operation, as the President has called for, is it your intention to work against any lengthening of hours if a shortage develops in the highly skilled men who are essential on this thing?

A. If we have organization, we will have no bottlenecks in production. If we don't get proper organization, we will

not meet the requirements of the defense program by working people long hours and then suffering as a result of slowing up of production. I have been in conferences with employers of labor and asked them—not the top executives but those who are concerned with employment—I found that what they need is not longer hours but expansion.

Q. Expansion of facilities?

A. Expansion of facilities, utilization of facilities, utilization of our labor supply, and the potential labor supply.

Not compulsory

The four-shift plan isn't compulsory for anybody. We simply recommend it and then leave it to the local groups to work out the best way that will fit into

their situation. In some places they will want only a three-shift basis. We are not saying they have to work on a four-shift basis.

Q. On the question of overtime, do you find in some places people are working as high as 20 hours a week overtime?

A. I have been told that, yes.

Q. What is your feeling?

A. My feeling is that the less we will have of overtime and still get the use of the machines, the better it is for production. Of course, when we need it, we will just have to take it, if we haven't got more labor. But we are aiming to have all the labor supply so that we don't have to have a group of them overworked and ultimately fall down in production.

Millions more workers needed to double and redouble production, says Dr. Reeves

Floyd W. Reeves, director of Labor Supply and Training in the Labor Division, Office of Production Management, on May 6 told the twenty-sixth annual conference of the National University Extension Association at Oklahoma City, Okla., that "defense production must be doubled, and then doubled again, and still again and again."

1,000,000 to be trained by end of year

"In some areas," he said, "production must be increased 1,000 percent and 2,000 percent and even 3,000 percent. Many million workers must be found, and several million of them must be trained to meet the needs that lie ahead. Our future freedom depends upon our resourcefulness in accomplishing this task."

Describing the work of the Labor Division, in coordinating the many agencies which recruit and train workers for defense industry, Dr. Reeves pointed out:

"So far, few shortages of workers have developed, nor have there been any major delays in production as the result of lack of workers."

"By the close of this year more than 1,000,000 workers will have received training in public schools and engineering institutions, and several hundred thousand additional workers will have had work experience through the facilities of the National Youth Administration with related training in the schools. During the entire period of the last World War, only 60,000 workers received such training."

"Hundreds of vocational schools," Dr. Reeves stated, "are now operating on a

24-hour basis. More than 1,300 national, State, and local committees are now cooperating with school authorities throughout the Nation on the development of the training program." Dr. Reeves described this program as including refresher and upgrading courses for experienced unemployed workers and for older workers; supplementary courses to improve the skills of employed workers; engineering training in colleges and universities; special courses for rural youth; apprentice training; special instruction for young people employed in the production work projects of the National Youth Administration; and Training-Within-Industry.

U. S. building its greatest asset of skill

"The United States," he said, "is building a greater asset of skill than ever before in its history."

He called the attention of university extension authorities especially to the need of training engineers, saying on this point:

"Many extension services are now participating in the defense training programs for engineers. It appears probable that in the months ahead this program will need not only to be greatly expanded but also greatly broadened in its scope."

"There will also be need for more physicists, more chemists, more industrial managers. Much of this need will be for supplementary courses at the college level for professional workers already employed. This is a job for university extension."

Curtiss-Wright to use skilled Negroes; other manufacturers report employment

The Curtiss-Wright Corporation will employ Negro skilled workers in the manufacture of military aircraft at its Buffalo, N. Y., factory, officials of that corporation informed Mr. Hillman last week. Other leading defense concerns have adopted similar defense hiring policies.

Several Negro trainees have recently enrolled in the Curtiss-Wright training school and are now receiving instructions which will lead to employment in skilled positions in the Buffalo plant.

Response to Hillman's letter

This development was reported by Charles S. Mattoon, director of personnel for the Curtiss Aeroplane Division, in an answer to Mr. Hillman's recent letter to defense contractors calling for the training and employment of Negro workers in defense production.

The Mattoon letter and similar responses were made public by Dr. Robert C. Weaver, chief of the Negro Employment and Training Branch of OPM, who revealed last week that another aircraft manufacturer has promised to train and employ 1,200 Negro skilled, semi-skilled and unskilled workers in his plant.

Other manufacturers employ Negroes

Other responses to Mr. Hillman's letter included one from John G. Pew, president of the Sun Shipbuilding & Dry Dock Co. at Chester, Pa., which stated:

"At the present time, 10 percent of our employees are colored men. They are employed in the following departments: Forge and blacksmith shops, foundry, pipe-fitting department, bolting and reaming, riveting, storeroom, yard maintenance, bending shop, garage, and janitor service."

G. K. Throckmorton, president of the R. C. A. Manufacturing Co. in Camden, N. J., wrote: "We were mindful of the matter (Negro employment) before the receipt of your letter, and under our policy we had already engaged a substantial number of Negro workers in various lines of endeavor from factory workers to salesmen."

From Montgomery, Ala., A. C. Greeson, president of the Greeson Manufacturing Corporation, wrote: "At the present time we are using local labor entirely and our crew is about equally divided between white and Negroes. We have several positions held by skilled Negro workers and they are given every op-

portunity to occupy any job they are capable of handling."

Employment agencies notified

Pointing out that these responses were typical of the answers being received daily from defense employers, Dr. Weaver also revealed that Mr. Hillman's letter had been forwarded to all State Employment Security Agencies by Martin F. Carpenter, chief of the United States Employment Service Division of the Social Security Board. In a covering letter, Mr. Carpenter declared:

"This statement of policy has a direct bearing upon all phases of the recruitment and placement practices of employment offices. The availability of Negroes, both for employment and training, must be made known to vocational education authorities and to employers. The attached letter may well be shown at the time of such an approach."

Equitable opportunity

"In accord with this stated policy of OPM, definite efforts should be made to give Negroes their equitable opportunity for referral from employment offices."

Dr. Weaver cited a recent report from the Michigan State Employment Service

to show that expanded activity on the part of the Bureau of Employment Security agencies was facilitating the integration of Negroes into defense production. The report declared:

"... 2,360 Negro placements were made during the first quarter of this year as compared with 940 for the corresponding period last year. Placements of Negroes during this first quarter constitute 7.5 percent of total placements while during that period last year they constituted only 4 percent of all placements."

Placed in new occupations

"Every week placements are being made of Negroes in occupations in which we have never before been able to place them. Screw-machine operators, lathe operators, electricians, gear hobbors (machine shop), welders, and skilled foundry workers such as bench, floor, and hand molders as well as coremakers of all kinds."

"In two instances, increased hiring of Negroes has been reported. In Muskegon, a foundry and machine company is now placing colored men on some skilled jobs although formerly they have been used only as unskilled labor. Similarly, under the stimulus of increased orders, two establishments in the Port Huron area are now hiring both colored and Mexican foundry workers."

Engineers needed for aircraft work; may be employed in week after applying

The production, development, and testing of aircraft and airplane engines is becoming of increasing importance in the national defense program, the United States Civil Service Commission has reported. Four Government agencies are now seeking qualified engineers who can do the critical investigative and research work connected with the development of faster, safer, and more powerful airplanes. Aeronautical training is especially in demand, although much of the work now being done also requires the services of qualified civil, mechanical, and electrical engineers.

The United States Civil Service Commission has announced open continuous examinations in all fields of engineering. Application forms (Form 8) may be obtained at any first- or second-class post office. The application, when properly filed, is rated immediately, and applicants rated eligible may be certified at once to an appointing officer, may be tendered

an offer of employment by wire, and may be at work within a week of the time of filing applications.

The Air Corps now employs approximately 400 professional engineers at Wright Field, Dayton, Ohio. The Navy Department now employs over 165 aeronautical engineers. The National Advisory Committee for Aeronautics conducts fundamental research on the problems of flight. The committee's major research laboratory is located at Langley Field, Va., while a second laboratory is partially completed at Moffett Field, Calif.

The Civil Aeronautics Authority, which is chiefly concerned with the inspection and development of nonmilitary air transport and airways, also concentrates on the testing and approval of developments in safety devices, instruments, and improved designs for all types of aircraft.

PURCHASES . . .

"Living as usual," too, is over during emergency, Nelson warns consumers

"Living as usual," like "business as usual," must be relinquished in the defense emergency, Director Donald M. Nelson, Division of Purchases, Office of Production Management, told the National Convention of the American Association of University Women May 7 in Cincinnati. Excerpts from his address follow:

During the past week I have twice had occasion to address representative groups of businessmen. Each time it seemed to me that the most important thing I could do was to impress upon those businessmen as forcefully as I could that the day of business as usual is over—until the emergency ends.

Today I would like to carry that warning one step farther.

We are here today to discuss the place of the consumer in the defense program. I think it might fairly be said that if the day of business as usual is over for the time being, so is the day of living as usual.

Each must bear own share of load

Now I do not want you to feel that I stand here as a prophet of gloom. The consumer is going to have to do without some things he may think he wants, certainly. We are all going to have to make some sacrifices. Yet I am confident that this enormous job ahead of us can and will be done. Furthermore, I am equally confident that if we use the proper thought and resourcefulness we can build an all-out defense program in such a way that the ordinary citizen will be content. He will have to bear his share of the load, but he will not have to bear somebody else's share too.

There will be plenty of food

In any case, we do not need to worry about our food supply. There will be plenty for us and plenty for our friends overseas. And while there have been some increases in food costs, and while there probably will be more before we get

through, the situation is such that I do not believe we need to fear a general, uncontrolled advance in the cost of family living.

If the way in which the Government buys has an important effect on the price structure, so does the way in which the consumer buys. It is essential that the consumer exercise a good deal of self-restraint while the emergency is on.

Must avoid "scare buying"

It is up to the consumer to refrain from "scare buying." He should not rush off to the store to stock up on this or that commodity just because "somebody" has told him that there is going to be a shortage of it before long.

The consumer must also avoid hoarding. The temptation to lay in a big stock of this, that, or the other thing on the theory that the prices will be a good deal higher later on is going to be pretty strong, now and then; but it is a temptation you have got to resist. Nothing advances the price of any commodity as surely as that kind of buying.

Say "No" once in a while

I think, too, that the consumer should be fairly hard-boiled about paying increased prices for things. Don't shut your eyes and pay any price blindly just because we have passed into a war economy. Exercise your natural right to say "no" once in a while. If you have to pay a higher price, do the best you can to assure yourself that the high price is really necessary.

I would like to go beyond the question of details and emphasize the really vital thing—for consumers and producers alike—is a new mental attitude toward the entire problem of defense.

Look at the recent past * * * in France. War was threatened for years, and the great French people could not see that what was demanded was a united effort and a great singleness of purpose that would swallow all petty differences. War came, and still the French people lay behind the security of their Maginot Line and failed to demand of themselves a supreme effort. Then a sudden stroke

turned the security of that chain of fortresses into an insubstantial mist, and the freedom of France—the freedom that was born with our own freedom, and that heartened the souls of men for a century and a half—was trampled under foot.

"While there is still time"

We can go in precisely the same way. We can hide behind the security of two oceans if we wish to do so, and haggle and argue over the trouble and effort of making ourselves ready; and by and by when that security proves less strong than we had thought we can see our own freedom palsied and enfeebled and sent to join the shadows with the dreams that could not endure. Or—we can rouse ourselves while there is still time. We can decide once and for all that freedom is not an idea which has gone out of date, but that it is a living, flaming thing which will greatly reward any people that will greatly struggle to preserve it. If we do that we shall stop counting the cost, and will insist only that everything which we need to do in defense of our freedom be done at once and in full measure.

We need not fear the result. We need fear only our own indecision, our own half measures, our own self-doubts. Those are things we can rise above. We must rise above them; I am sure that we will. Then America will be again what she has been in the past—a beacon against the Western sky, a sign and a symbol that freedom is to endure.

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Weinberg named Assistant Director of Purchases

Appointment of Sidney J. Weinberg of New York as Assistant Director of Purchases was announced May 5 by Director Donald M. Nelson, Division of Purchases, OPM.

A partner in the banking firm of Goldman, Sachs & Co., Mr. Weinberg has served as a member of the Business Advisory Council of the Department of Commerce, and in 1934 was a member of the Industrial Advisory Board of NRA. On leave of absence from his firm and his directorships, Mr. Weinberg will take up his duties with the Division of Purchases on May 15. He will serve as a consultant on various industry problems.

Nine companies get certificates to show pay for plants is not by supply contracts

Certificates of Non-Reimbursement for nine companies were approved May 8 by the National Defense Advisory Commission. These certificates are issued by the Government to expedite the procurement of defense materials by giving the taxpayer corporation certainty as to its tax status. The Certificates of Non-Reimbursement constitute conclusive evidence that the company is not being reimbursed, in payments made under supply contracts with the Government, for plant facilities which it has erected for defense purposes.

Certificates approved on the basis of Army supply contracts, and the estimated value of plants on which Certificates of Necessity have been issued, were as follows:

American Hardware Corporation, New Britain, Conn., \$468,000; Cramerton Mills, Inc., Cramerton, N. C., \$636,000; Dallas Cotton Mills Co., Dallas, Tex., \$32,000; Electric Controller & Mfg. Co., Cleveland, Ohio (two Certificates), \$29,000; Gudebrod Bros. Silk Co., Philadelphia, Pa., \$27,000; Hanson Whitney Machine Co., Hartford, Conn., \$91,000; National Lock Co., Detroit, Mich., \$80,000; Reed-Prentice Corporation, Worcester, Mass., \$241,000; Ryan Aeronautical Co., San Diego, Calif., \$605,000.

Three previously issued

Three Certificates of Non-Reimbursement previously had been approved on the basis of Navy supply contracts as follows—two for Spencer Lens Co. of Buffalo, a subsidiary of the American Optical Co., Buffalo, N. Y., estimated value of plant, \$577,000; one for United Aircraft Corporation, Vought-Sikorsky Division, New York, N. Y., \$2,118,000.

A certificate of Government Protection was previously approved for the American Smelting and Refining Co. in whose contract to supply 50,000 tons of zinc to the Metals Reserve Co. is a clause providing that the RFC subsidiary may terminate the contract upon the payment of 2½ cents per pound for undelivered zinc. This clause protects the Government from purchasing the zinc at 7¼ cents per pound, the current rate, if the emergency should be terminated. The Metals Reserve Co. has an alternative option to acquire certain plant units, and for this reason a Certificate of Government Protection was issued on a contingent basis.

Recommendations that these certificates be granted were presented to the National Defense Advisory Commission by its Emergency Facilities Committee. It is not necessary that Certificates

of Non-Reimbursement or Government Protection be issued to obtain tax amortization privileges, but it is essential that the company hold a Certificate of Necessity to avail itself of such privileges. The supplemental certificates, in effect, make it unnecessary for officials of the Bureau of Internal Revenue, Treasury Department, to analyze the cost figures filed in the income tax return of the company.

Defense contracts awarded and cleared May 1 through May 7

Defense contracts totaling \$47,135,473 were awarded by the Army and Navy and cleared by the Division of Purchases, May 1 through May 7.

This compares with \$115,051,835 for the previous week and \$412,567,925 for the week ended April 23.

Cleared contracts awarded by the War Department in the latest period totaled \$29,278,848, and by the Navy Department, \$17,856,625.

AIRCRAFT

War Department

Curtiss-Wright Corporation, Curtiss Aeroplane Division, Buffalo, N. Y.; airplanes and spare parts; \$13,360,562.28.

ORDNANCE

War Department

Bridgeport Brass Co., Bridgeport, Conn.; case cups; \$1,574,275.

General Machinery Corporation, Niles Tool Works Division, Hamilton, Ohio; machine tools; \$660,981.13.

Navy

Crucible Steel Company of America, New York, N. Y.; ordnance equipment; \$1,727,019.20.

Norris Stamping and Manufacturing Co., Los Angeles, Calif.; ordnance equipment; \$1,336,580.

EQUIPMENT AND SUPPLIES

Navy

Standard Oil Co. of N. J., New York, N. Y.; Navy fuel oil; \$624,500.

General Cable Corporation, Washington, D. C.; cable; \$1,867,232.

Anaconda Wire & Cable Co., New York City, N. Y.; cable; \$1,047,320.

Phelps Dodge Copper Products Cor-

A Certificate of Non-Reimbursement is, virtually a guarantee by the Army or Navy and the National Defense Advisory Commission that the corporation is not attempting to take advantage of the tax amortization privilege and at the same time recoup itself for the cost of plant facilities in the price of goods sold under a supply contract. A Certificate of Government Protection indicates that the plant facilities used in producing the goods sold under the supply contract have been wholly or partly paid for by the Government, and that the Government has limited proprietary interests in the facilities.

poration, Habirshaw Cable & Wire Division, New York, N. Y.; cable; \$523,660.

Harrisburg Steel Corporation, Harrisburg, Pa.; gas compressed cylinders; \$1,173,000.

CONSTRUCTION

Navy

Sawyer Construction Co., Boston, Mass.; extension to building 195, etc., at Navy Yard, Boston; \$1,110,000.

Stone & Webster Engineering Corporation; improvement of power plant at Boston and New London, Boston Navy Yard; \$950,000.

C. C. Moore & Co., San Francisco, Calif.; improvement of power plant at Navy Yard, Mare Island, Calif.; \$900,000.

Foot Bros. Gear & Machine Corporation, Chicago, Ill.; acquisition and installation of additional machinery and equipment in plant; \$103,814.11. (Supplement to existing contract of \$1,940,000.)

Hooven, Owens, Rentschler Co., Hamilton, Ohio; construction at plant of propelling machinery for thirteen submarine chasers of PC489-496 and PC542-577 class; \$6,493,500.

War Department

Swenson Construction Co., Kansas City, Mo.; construction of buildings and utilities for O'Reilly General Hospital, Springfield, Mo.; \$1,713,500.

Hunkin-Conkey Construction Co., Cleveland, Ohio; additional facilities for shell loading at Ravenna plant; architectural and engineering contract, Wilbur Watson & Associates of Cleveland; \$1,969,530 (supplemental contract).

Revere Copper & Brass, Inc.; establishment of additional facilities at or near the Chicago plant of this company; \$10,000,000 (Defense Plant Corporation lease agreement).

PRICES AND CIVILIAN SUPPLIES . . .

Henderson urges tax plan to cut use of items competing with defense, spare others

Formulation of the tax program in such a way as to discourage civilian consumption of commodities and services which compete with military demands, and to encourage use of non-competing resources, was recommended to the House Ways and Means Committee May 7 by Administrator Leon Henderson, Office of Price Administration and Civilian Supply, Office for Emergency Management. Excerpts from Mr. Henderson's statement follow:

We ought to finance our total defense expenditures in such a way that they result in the maximum possible increase of both armaments production and total real national income. Expansion of supplies, and particularly of productive facilities, along all possible lines, therefore, must be our watchword and the tax system ought to be so modeled that it promotes this goal.

Decrease competition with defense

To the extent that transfer of resources from other industries to the armaments industries is necessary to fulfill the greatly enlarged program which I foresee, the tax system ought to facilitate such a transfer. This implies both positive encouragement of defense production and the discouragement of civilian consumption of those commodities and services which compete with military demands.

This principle also means that we should avoid measures which will curtail consumption of commodities and services which do not compete with the defense program. On the contrary, we should encourage increased use of these noncompeting resources to satisfy actual and latent consumer demand.

Might use Keynes plan later

After total production has expanded so that we are using substantially all our resources, we will have to hold down consumption generally in order to prevent inflation. When that time comes I will be in favor of further stiffening of income taxes or of adopting some form of the Keynes plan, some features of which have just been adopted in Britain.

We must see that the burdens of the

defense program are distributed as equitably as possible.

The principle of taxing according to ability to pay applies not only to the additional taxes which you will have to levy, but should apply equally to the existing burden. We should strive toward making the tax burden truly progressive over the entire income scale, with due regard to the family status of the taxpayer and to his contribution to all governmental units and not only to the Federal treasury. I am afraid most people do not realize how far we actually are from that situation and ignore the fact that the total tax burden is actually regressive in the lowest income groups and nothing more than proportional over a large range of middle incomes.

Although I find myself in general agreement with the Treasury as to the total of new tax revenue that we should expect to raise in fiscal 1942, I believe I can suggest some changes in the specific proposals before you which would assist us.

Excise taxes

Turning first to the proposals for excise taxes, the only case which may be made out for such additional taxation at the present time from a total defense point of view must rest upon its effectiveness in discouraging civilian production which competes with the defense program for men, materials, and machines.

I have divided the excise tax proposal of the Treasury into three groups. First, taxes on goods and services of mass consumption which in no way compete with the defense program. These are deflationary, unnecessary, and highly inequitable. Second, taxes on luxury items which likewise do not compete with the defense program. These are deflationary and unnecessary, but they are not so objectionable from the viewpoint of equity. And third, taxes on articles, such as automobiles and refrigerators, which compete very heavily for materials, productive facilities, and skills with defense production. This is the type of excise which is called for today.

I estimate that roughly 85 percent of the additional revenue which the Treas-

ury proposes to raise by excise taxes would come from the first two groups, and only about 15 percent from the third group. It seems to me that this distribution should be reversed. Increases in the third group should, in my opinion, be much larger than have been proposed. Instead of raising the tax upon automobiles from 3½ to 7 percent, I should think that an increase to 20 percent or perhaps more—with coverage extended to used cars—would be appropriate. Moreover, I would tax other consumers' durable goods which are not now taxed at all.

If new excise taxes on consumers' durable goods are levied according to the principles I have suggested, very probably about 900 million dollars could be secured, in comparison with the Treasury proposals of only a little over 200 million dollars from this class, and of 1,250 million dollars for excise taxes of all classes. I would then recommend dropping proposed increases on most other consumers' goods.

Individual income tax

As to the proposals for the individual income tax, the suggested increases in the lower and middle income brackets may perhaps be more drastic than is necessary at the present time, but all in all, they seem fair and proper to me.

The only suggestion I want to make about individual income taxes is that those rates which are on the statute books ought to be made effective, by plugging the loopholes. Husbands and wives could be compelled to file joint returns. Something could be done about income from tax-exempt securities now outstanding; for example, by requiring that income from these securities be deducted from the bottom of an individual's income instead of from the top. Finally, the flat 15 percent tax on long-term capital gains ought to be abolished. This provision introduces serious regressiveness into the tax structure.

Corporate taxation

As for the corporate taxes, I would be inclined to emphasize necessity for getting more revenue from the excess profits tax. This tax can and, in my opinion, should be made one of the main pillars of this year's revenue act. It can yield a substantial portion of the additional revenue needed.

Before suggesting changes to tighten up the excess profits tax, I suggest re-

ducing the burden on small companies and on the Treasury by writing in a broad exemption of small business. Draw the line at \$25,000, let us say—if their income for normal tax purposes is less than that, don't even require them to file an excess profits tax return. Practically all of the excess profits tax revenue will come from the large companies. Most of the "hardship" cases that make the drafting of a law so difficult are raised by smaller companies. Medium-sized companies might be given the option of paying the tax or of showing their undistributed profits as taxable income to their stockholders. This is simply an extension of the present optional exemption for personal service corporations.

The outstanding defect of the present law, in my opinion, is the choice between the unlimited income method and the invested capital method of computing "normal" profits. I confess a leaning toward a ceiling of 10 percent on invested capital as the amount of profit that can be called "normal." At present there is no ceiling at all; the sky is the limit. A change might be made in the invested capital method too. The base could be confined to equity capital and the percentage allowed as "normal" reduced to 6 percent. To take care of corporations which have violent ups and downs, the period for carrying over losses could be extended. It is now 2 years; that could be lengthened to 5 years. A 6 percent rate, over good times and bad, seems reasonable to me.

My last major suggestion on the excess profits tax is that the rate of tax ought to be raised.

If the excess profits tax is sufficiently stiffened, it might be unnecessary to introduce the proposed corporate surtax which hits corporations without regard to their profitability and previous experience. If not, there will then be reason to increase the taxation of all corporations which make any profit at all.

Estate and gift taxation

I am pleased to see suggested increases on estate and gift taxes. I should like to see more done to close the wide loopholes here. This pair of taxes does not really get at the moderately large transfers of wealth. For instance, with all the exemptions, \$40,000 each on the estate tax, on the gift tax, and on insurance under the estate tax, a man can transfer \$120,000 free of tax. If his estate is big enough to run up into the high brackets, these exemptions are worth a great deal, and when the rates

are raised they will be worth much more. The Treasury experts can tell you about loopholes in the estate tax; I hope something will be done about them soon.

The net effect of all my suggestions is, I think, to try to fit the proposed tax changes to the requirements of defense expansion. How much revenue they involve I shall not try to say with precision, because we do not have the facilities for making exact estimates. I feel safe in saying, however, that by closing the loopholes in the individual income tax, by making full use of the excess profits tax, and by suitably increasing excise taxes on consumers' durable goods competing with defense production, the desired amount of additional revenue can be raised, and the losses from dropping the other proposed excise tax increases and the proposed corporate surtax would be fully made up.

I realize that even if all the changes I suggest are adopted, our tax structure will still be far from ideal, but certainly, in my opinion, it would be more in keeping with total defense and the principle of ability to pay.

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Bishop named special assistant to Henderson

Charles A. Bishop on May 3 was named special assistant to the Administrator, Office of Price Administration and Civilian Supply, by Administrator Henderson.

Mr. Bishop will be assigned to major problems which are expected to arise from time to time in OPACS. For the time being he will continue to work in the Price Division.

Mr. Bishop became associated with the defense program on June 15, 1940, when he joined the Price Stabilization Division of the National Defense Advisory Commission. In that capacity he was instrumental in working out a schedule on maximum prices for the scrap iron and steel industry, for secondary aluminum, and for other materials on which the Price Stabilization Division or, its successor, OPACS, has taken action.

Before going with the Defense Commission, Mr. Bishop was for 3 years connected with the Pennsylvania Economy League. Before that he had been associated with the office appliance industry, including the Library Bureau, and Remington Rand where he was assistant to W. F. Merrill, president.

Henderson acts to stop machine tool price rise

Action was taken May 6 by Administrator Henderson to stop price increases in both new and used machine tools.

Mr. Henderson sent a letter to machine tool manufacturers asking them not to raise prices at this time. The letter points out that a similar request has been made to manufacturers of farm machinery equipment; that prices for steel, an important raw material to the machine tools industry, have been stabilized; and that it is imperative to maintain price stability in such industries as machine tools because of their crucial importance to the defense effort.

At the same time a supplement was issued to Price Schedule No. 1 which established maximum prices for used machine tools. This schedule limited prices of used machine tools to various percentages of the current prices of equivalent new tools. The supplement directs that "maximum prices of second-hand machine tools are to be computed in terms of percentages of the prices of equivalent new machine tools as of March 1, 1941, and shall not be computed with reference to current prices of new machine tools."

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Dealers' price of scrap, secondary aluminum corrected

OPACS May 7 issued a correction in Price Schedule No. 2 establishing maximum prices for aluminum scrap and secondary aluminum ingot.

The amendments, issued May 2, included a reduction from 12 cents to 11 cents per pound for makers' sales of old sheet aluminum and aluminum utensils. A corresponding reduction in dealers' price was inadvertently omitted. This error is now corrected by substituting a new maximum of 12½ cents for the former price of 13½ cents. These figures are for sales in carload lots. The maximum prices for sales in less-than-carload shipments are ½ cent under those for carload lots.

In view of the obvious character of the error, and the familiarity of the trade with the purpose of the reduction in price, the correction is made effective as of May 5.

News for Retailers

"Business as usual"

During recent weeks a recurrent theme in addresses of defense officials has been that American industry must drop the concept of "business as usual." These statements have caused considerable concern for the reason that the phrase has not been exactly defined; restrictions have been implied without any exact indications of their possible nature. It is now possible to discuss this phrase more in detail.

As far as consumer goods generally are concerned, there is no reason to fear any serious shortages or restrictions. In certain lines temporary scarcities may develop and prices may rise. There are, nevertheless, so many different ways in which consumer demand may express itself that fears of dire happenings to the retail field are quite out of the question. It is pointed out that, even in the last war when the pressure was most acute, the public was almost always able to satisfy its needs. Conditions prevailing today are much more favorable to the consumer.

The phrase "business not as usual" may be taken to apply more specifically to nonconsumer goods than to goods sold through the average retail store, although some lines of consumer goods may come to be considerably affected. For an industry which is supplying both civilian and military needs, a number of factors have to be taken into account. At the top of the list of demands upon a given industry we must put the Army and Navy needs. Next to be considered are British and Chinese demands under the Lend-Lease Act. The Red Cross is increasingly in the market for certain kinds of supplies and the Surplus Marketing Administration is a substantial buyer of commodities for direct relief and through the WPA. Yet all of these demands constitute in the consumer goods field but a small percentage of the total annual production. If it should happen that a shortage should develop in one commodity, then demand switches to another type of article or an acceptable substitute is developed. The production capacity of many consumer goods industries will be called upon but to a minor extent in the filling of all of the "extra" demands listed above.

More than this, there are several expedients through which production can

be "stretched out." Specifications of goods used by the armed forces can be changed so as to permit the fullest possible use of available materials. In fact, the National Bureau of Standards is now busily engaged in reviewing the Federal specifications to attain the maximum economy in the use of restricted materials. Changes of this sort in many cases will greatly add to production capacity of the industry.

On the civilian side there are opportunities to conserve materials and manufacturing capacity, should the occasion arise, by the limitation of designs and the models of a given article of merchandise. This would not only increase the speed of manufacturing, but would reduce inventories all along the line from producer to retailer. This could be done without decreasing the number of units sold to the public.

Business will still be as usual in the sense that supplies will be available although specifications may change. Merchants have no reason to fear that they are facing a period when empty shelves will be the rule.

Defense Conference on Consumer Goods

Quantities of facts together with specific suggestions to guide buyers and merchandise managers in the present emergency came out of the Defense Conference on Consumer Goods which was held in Washington, May 2, under the auspices of the United States Department of Commerce.

The conference covered 26 commodities within the four general groups of piece goods, men's clothing, women's clothing, and food. While the situation as presented in the detailed commodity statements and in the discussions naturally varied greatly from one industry to another, it may be said in general that the abundance factors outweigh the scarcity factors.

Since a few prices have threatened to get out of line, particular attention was paid to the statement of Leon Henderson, Administrator, OPACS, that, should it become necessary, action could and would be taken to put a ceiling on prices in the consumer goods field. Mr. Henderson also had the following specific suggestions to make with reference to pricing policies:

"I don't expect you people to step up

your margins, to charge premiums for advance deliveries, to anticipate cost increases which have not occurred in making price advances. I do expect you to average out inventories should prices of new goods advance rather than mark up existing stocks to the new level. I do not expect you to fix markups on a percentage of cost unless costs have definitely increased by an equivalent amount, and I do not expect you to complete or to accept sales at prices prevailing upon delivery instead of at fixed prices. All these practices create pressure for rising prices. They advance the cost of living without justification, feed the demand for wage increases and force prices up further."

Simplification of design

Fred Lazarus, Jr., chairman of the Retailers' Advisory Committee, pointed out that in this emergency retailers are presented with a specific responsibility. "In many cases," he said, "manufacturing output could be increased greatly by simplifications of design and reduction in lines of goods. As an example, we suggest that cotton ducking could be cut from a dozen weights and widths to two or three. This would relieve a machine problem. Simplification of design would tend to release the workmen needed on military goods. It also would reduce inventories tremendously."

A recurrent comment from manufacturers during the meeting, particularly outside of the food field, was that the cost of distribution was too high. Robert E. Amory, president of the Nashua Manufacturing Co., in commenting on this point specifically said: "The mills believe that distributors, particularly large ones, have retained more than a fair share of the consumer's dollar and thus made much larger profits than mills. Whatever may be the truth of these beliefs, the gap between the farmers' income and prices of goods seems too high."

The basic material for the conference was presented in the form of commodity statements which covered each of the 26 commodities. In each statement data were presented about prices, production, production capacity, defense needs, labor costs and supply, abundance and scarcity factors and, where available, alternative and substitute products. These data will be useful for reference purposes for a considerable period. Additional sets of these commodity statements have been prepared and may be obtained upon request from the Department of Commerce, Bureau of Foreign and Domestic Commerce.

Scrap iron and steel price schedule revised to insure even flow

A revised schedule fixing maximum prices for scrap iron and steel was issued May 7 by Administrator Leon Henderson, Office of Price Administration and Civilian Supply.

The new schedule, which became effective May 7, replaces price schedule No. 4 issued April 3, 1941. The revision was made in order to eliminate inequities inherent in the original schedule, to aid in insuring an even flow of scrap to consumers, and to clarify the original schedule. Many of the changes reflect suggestions from sellers and consumers designed to improve operation of the price control measures.

Hopes for continued cooperation

Mr. Henderson expressed hope in announcing the schedule that efforts on the part of most of the industry to cooperate with OPACS would continue. He warned, however, that if necessary, he is prepared to enlist every means at his disposal to obtain compliance with the schedule.

Among the more important changes are:

(1) Classifications are established for several grades of scrap in addition to the 16 grades set up in the original schedule. The new classifications include: Low Phos Billet and Bloom Crops; Low Phos Bar Crops and Smaller; Low Phos Punchings and Plate Scrap; No. 2 Cupola Cast; Machinery Cast, Cupola Size; Clean Agricultural Cast; No. 1 Machinery Cast, drop-broken, 150 pounds and under; Clean Auto Cast; Punchings and Plate Scrap; Heavy Axle and Forge Turnings; and Medium Heavy Electric Furnace Turnings.

Maxima for 34 consuming points

(2) Maximum prices for nearly all these grades of scrap are established for each of 34 consuming points as against only 13 in the original schedule.

(3) A formula is set up to provide equal access to scrap supplies by consumers located at one of the 34 recognized consuming points and by consumers located outside such consuming points. This formula provides that a consumer located outside such a consuming point may pay as much as \$1 per gross ton more than a consumer at the nearest consuming point. He may do this if the transportation costs to his plant are no more than a dollar greater than the transportation costs to the consuming point

nearest his plant. This increase of \$1 is permitted only if the consumer has been served from the same source in the past. In no case may the consumer pay a sum in excess of the price established in the schedule at the point from which the scrap is shipped plus the cost of transportation.

Complaints are met

(4) Action has been taken to meet complaints of some consumers that they could not obtain scrap from their own areas because consumers in other areas under the original order were permitted to pay higher prices. This problem has been met by basing all maximum prices on all-rail shipments to consumers with the exception that where shipment is by other than all-rail the maximum prices are reduced by the amount that all-rail costs of shipment exceeded the costs of any other mode of transportation used.

(5) Provision has been made to aid consumers not located on the line of a railroad to obtain scrap from that road. This has been done by permitting an off-the-line consumer, who has purchased scrap from the railroad in question in the past, to pay the maximum prices established for a consumer on-the-line

plus not more than \$1 to defray the expense of the off-the-line haul. An off-the-line consumer may also pay the maximum price established for the nearest consuming point even if such price is higher than the on-the-line price plus the \$1 for off-the-line hauling expense.

(6) Disadvantages resulting from the fact that switching charges may differ at different points on a railroad's line are eliminated. This is done by placing consumers in different switching districts on the same railroad on a parity insofar as their ability or inability to purchase railroad scrap has heretofore been determined by the amount of the switching charges of the railroad from which the scrap originated.

(7) Provision is made for sale of railroad scrap, for which the railroad of origin cannot be identified, at prices not in excess of the maxima established for similar grade of nonrailroad scrap listed in appendix A of the schedule.

Commission system changed

(8) The 3 percent brokerage commission established in the original schedule has been replaced by a commission of 50 cents per ton which may be paid to a broker or agent for scrap delivered to a consumer either at the maximum or at a lower price.

(9) The new schedule requires railroads to take care of their regular on-the-line customers before shipping their scrap to consumers located off-the-line.

Wholesalers urged to keep prices down

Keeping food supplies ample, efficient use of transportation facilities, and prevention of price increases are primary defense functions for wholesale grocers, Nathanael H. Engle, adviser on distribution in the Consumer Division, OPACS, told the annual meeting of the United States Wholesale Grocers Association in Chicago, May 7. Mr. Engle's speech, in part, follows:

First of all, wholesale grocers can exert the full influence of their purchasing power against price increases. You deal exclusively in civilian goods. Your most important responsibility under defense is, therefore, to maintain constant pressure against increasing prices and to keep your selling prices down.

If supplies can be expanded to keep pace with demand, prices can be kept from rising. With your wide acquaintance with markets, you should be able to marshal supplies of available substitutes for short items. By advertising and other sales promotion, you can move

these substitute commodities into the field so consumers' needs will be supplied, even though their wants cannot be fully met.

By instructing your buyers to watch quality, to buy on definite specifications, and above all to be sure that the product you buy is honestly marked so that he who runs may read, you can do much to maintain quality.

It is the part of wisdom for every wholesale buyer to plan his purchasing well ahead, to place full car orders whenever possible, and to split cars with competitors rather than buy l.c.l. Similarly on his own delivery program, there will be the necessity for traffic men and shipping clerks to study carefully their entire program and revamp it whenever possible in the interests of economical distribution.

Finally let me urge upon you the necessity for keeping your own operating costs at a minimum.

Priorities critical list as revised to May 1

Parts and accessories: The items that appear on this list shall be deemed to include all fabricated, mechanical, or electrical component parts and accessories necessary for the completion, maintenance, or mechanical operation thereof, excluding raw materials unless specifically included in the list.

Supervision: All copies of preference rating certificates authenticated by the two services (Army and Navy) are reviewed by the Priorities Division and erroneous use of this list will result in cancellations.

Allocation: Material which has been subjected to industry-wide control and allocation by the Division will be governed by specific orders from the Division which may to some extent modify the effect of preference ratings previously issued. Items indicated by a (1) have been subjected to allocation.

New items: Items italicized on this list appear for the first time.

Revision: This list is subject to revision once each month. In order to receive consideration at the time of making any monthly revision, requests for additions, subtractions, or modifications must be received by the Priorities Committee of the Army and Navy Munitions Board or the Director of Priorities of the Office of Production Management on or before the 15th day of the preceding month in order to receive consideration.

Items for which preference ratings are authorized:

Acetone; aiming circles; aircraft—all types including lighter-than-air, complete; aircraft detection equipment; altimeters—all types; aluminum and aluminum alloys (pig or fabricated); ambulances—service specifications; ambulance boats; ammonia, anhydrous; ammunition (small arm and large caliber)—all types; antiaircraft equipment; angledozers; *antimony*; armor plate; auger—earth (power); autoclaves (laboratory)—field and hospital.

Bags—barrack, sea, canteen, powder, sterilizing water; balloon—observation or barrage; barges; barometers; batteries—radio, ship, fire control; bearings—roller and ball; belt—ammunition link; cartridge; binocular trainers; binoculars, monoculars, spy glasses, field glasses, spotting glasses; boards—deflection, fire adjustment, plating (all types), range correction, spotting, chart; boats—aircraft rescue, picket, crane, assault, ambulance, Eagle, landing, motor torpedo, utility (QMC and AC), subchaser, target (armored), motor launch, radio control, lighters, D. B. (distribution box); boilers—power plant, heating; bombs; booms; box—ammunition; brass—pig and fabricated; bridges—foot (all types), steel (portable), pontoon (all types); bronze—pig or fabricated; battery chargers portable; bull-dozers.

Cables, electric—under water, fire control, lead sheath or lead, and armor, degaussing, including assemblies; *cadmium*; calibration sets, bomb sight; optical elements for; calipers, micrometer; cameras—aeronautical, gun, triangulation, motion picture and still;

camera control—gun; candles—chemical; canisters—service, diaphragm, optical; caps—field and winter, watch; carts—hand drawn, reel, chemical mortar, ammunition, weapon; castings—brass (over 150 pounds), aluminum; catapult—aircraft; charger—gun (hydraulic); chemicals—chemical warfare, explosives; chest—service types; chlorine; *chromium*; cipher devices and machines; clothing—flying, chemical protective; *Cobalt*; coils—service specifications; combat vehicles; compressors (air)—power driven; computers—intermediate and major calibers, time and distance, line of position; condensers, steam; *radio*, electrical; cone assembly 6-inch metrogon lens; containers—galvanized, portable refrigerated; control equipment for electric motors, automatic; cooking outfit—mess and field; *Copper*—pig and fabricated; *Cordage* and twine—hemp, jute, oakum, abaca, sisal, henequen; *flax*; corrector—percentage, fire control; cotton—canvas duck, webbing; cotton lint; cranes; *creosols*, *creylic acid*; cutters—wire, and carriers (special service types); cylinders—chemical (portable), compressed gas or air.

Demustardizing equipment—chemical warfare; diamond-point tools; dies—forging, diamond; *diesel engines*, all types; distribution boxes; diving apparatus; drydocks, floating.

Enginizers—aircraft electric; *engines*, internal combustion and steam, for ship propulsion; explosives, including chemical components; extinguishers (fire)—foam, carbon dioxide, tetrachloride.

Ferrous alloys, all types; *fiber*—abaca, sisal, henequen, hemp, flax, cotton lint; jute; finders—radio direction, height, depression position, vertical view, range; fire-control instruments and equipment; flares; flashlights (service types); flash-ranging set; floodlighting equipment; flying equipment; *formaldehyde*; forgings—brass, aluminum; frequency meter set, radio; fuel—aviation, Diesel, 50 cetene number and up; fuzes and primers; fuze setters.

Gas—decontamination apparatus and equipment, masks; gases—chemical warfare; gastight doors and frames; generating units, service types; generators, electrical and motor dynamos, including N. E. M. A. standard types, meeting A. I. E. E. specifications and rules; glasses—field, spotting, binoculars, spy, monoculars; grenades; gages, inspection; goggles (service types); grader, road—self-propelled; guns—all types and calibers (including carriages and mounts), limbers, and caissons.

Halocax solution for insulating wire; hammers, power driven; head and chest set, communication; height finders; helmets (service types); hoist—ammunition; hoists power or hand; howitzers—all types and calibers, with limbers, caissons, carriages, and mounts.

Impregnite (I and S); insignia—uniform; instruments—battery commander, electrodiagnostic, observation optical (all types—complete), stereoscopic training, surgical and dental, surveying, azimuth and azimuth mills, self-synchronous (engine); interphone equipment (aircraft; vehicular); insulation, steam; *iridium*; iron and steel products, including rolled, drawn, forgings, castings, and pig iron including alloy steels; insulating, fire, brick.

Jigs and fixtures.
Kits—first-aid, repair (C. W.), toilet.
Laboratory—hospital and field; lamp equipment, signal; lead; leggings, canvas; lenses requiring grinding except eyeglasses; lighters and barges; lighting equipment—electric (portable), service types; locators, sound—antiaircraft (CAC); lockers—steel, foot; locomotives—Diesel, gasoline, electric; lubricants—Diesel engine, special "RPM—Delo" or equivalent.

Machine, blasting; machine guns—all

types and calibers with mounts, sights, and tripods; machine and metal working tools; machinery—forging, power-driven, for casting, cutting, grinding, hoisting, melting, metal pressing, welding, refrigerating; magazines—small arm ammunition; *manganese* or *spiegeleisen*; mapping equipment—service types; marker beacon receiving equipment; masks—gas, oxygen; meggers, insulation testing; *mercury*; mess outfits—field, barrack, ship; meters—electric, drift; meter set—frequency (seacoast); *methanol*; mines—antitank, drifting or anchored; mine equipment, submarine; mine planters and yawls mirrors—magnifying; magnesium and alloys—pig or fabricated; *molybdenum*; monel metal; mortars—all types and calibers with carriages, mounts; *motors*, electric, except fractional horsepower; motors for pontoons; motorcycles—solo or side car (service types).

Naphthalene; neoprene; nets—antibomb, camouflage; nickel—alloy steel; nickel—pig or fabricated; *nonferrous alloys*, all types.

Oakum, marine; octant—bubble type; oil—castor and fuel (diesel 50 cetene and up); optical elements and instruments.

Packing, flax; paper, chart; parachutes—service types; *phythalic anhydride*; plates—military, zinc, or aluminum; pontoon equipment; potassium perchlorate; *potassium permanganate*; projectors—signal (ground); pumping sets, all types; purification unit—water; pyrotechnics—service types.

Radio apparatus (sending and receiving), all types; radio direction finders; *radiosondes* and equipment; range—field, complete with equipment; range finders; ranging equipment; sound; reels, firing; remote-control equipment, for guns and searchlights; reproduction equipment, map (all types); repurification plant, helium (portable); *resistors*, electrical for vessels; rifles—magazines, machine, automatic, semiautomatic; rubber, synthetic, rubberlike synthetic materials.

Saddle—pack (cargo and riding); scabbard, small arms; scale—prediction; searchlights; searchlight control instruments; ships—all types—complete; ship plates and shapes (see iron and steel products); small arms, all types and calibers; smoke—toxic, and equipment for use; smoke screen apparatus; sound equipment, underwater; sound locators, anti-aircraft; spigmomanometers; *spint surgical*; spotting sets; *steel*, semifinished, finished, and fabricated, including alloys; stereoscopes, all types; stereoscopic testers; *sterilizers*, hospital and field; stoves—tent; submarine mine cable, steel; submarine safety and escape devices; switchboards, power complete assembly; *synthetic resin moulding powders*.

Table (plotting); tags—identification; tanks—cartridge, combat, all types and models; powder; telephones—all special service types, radio, and equipment; telegraph sets (service specifications); testing outfits, boiler water; theodolites; thermometers, industrial; thermostatic controls for refrigeration and air-conditioning machinery; time-interval apparatus; tin; tools, hand, precision, portable, power driven; torpedoes; tractors—military; trailers—2-, 4-, and 6-wheel, assorted, bomb; trailer—binaural, stereoscopic, instrument flying and landing (ground); transformers, electric; trucks—motor (all special service types); tungsten, gerro tungsten and tungsten ore.¹

Vanadium and vanadium alloys; vehicles (service types).

Watches, service types; *welding rod*; whetstone; wire—service types (see cables, field (S. C.)), for electrical instruments.

Zinc.²

¹ Zinc is subject to a special form of priority control. Producers are required to set aside a percentage of their production each month, thus creating a pool out of which the Priorities Division allocates to meet urgent needs.

HOUSING . . .

President approves 90 percent insurance in 13 more areas of "acute shortage"

Following a recommendation by Defense Housing Coordinator C. F. Palmer, President Roosevelt has approved the addition of 13 localities to the list of defense areas in which houses for defense workers can be financed under Title VI of the National Housing Act.

The act provides 90 percent mortgage insurance by the Federal Housing Administration in localities "in which the President shall find that an acute shortage of housing exists or impends which would impede national defense activities." The housing which is expected to be provided through this legislation is

intended for workers in the \$1,800 to \$3,000 income group.

The heretofore approved defense area list in which Title VI is applicable includes 146 localities in 41 States and Territories. The following are the newly approved areas:

Illinois—Rockford; *Indiana*—Kingsbury-LaPorte; *Louisiana*—Leesville-DeRidder; *Mississippi*—Jackson, Meridian; *New York*—Greenport, Long Island; *North Carolina*—Jacksonville; *Ohio*—Lorain-Elyria; *Pennsylvania*—Monessen; *Rhode Island*—Newport, Quonset Point-Warwick; *Alaska*—Anchorage, Sitka.

Palmer issues Manual of Operations

Coordinator Palmer has issued a Manual of Operations designed to be a complete statement of functions and policy of the Division of Defense Housing Coordination.

Sections of the document are concerned with: (1) The responsibility of the Defense Housing Coordinator, (2) problems and policies of the defense housing program, (3) procedures of the Division of Defense Housing Coordination, (4) the various agencies participating in the defense housing program, (5) organization of the Division of Defense Housing Coordination.

Included are two charts: One—"How Defense Housing is Built"—shows the manner in which the agencies and the Division of Defense Housing Coordination function together and the legislation under which they operate; the other chart makes clear the internal organization of the Division.

In the introduction to the manual, Mr. Palmer states:

"This manual is intended to formulate and explain the current nature of the defense housing job, to outline the portions of that job which are the responsibility of the Division of Defense Housing Coordination, and to describe the operations of the organization in detail. The progress of the work and the development of methods to meet the problems which arise continually outrun the descriptions as set down in this manual.

It is therefore necessary constantly to review and revise the contents in the light of changing circumstances. However, the basic policy of the defense housing program will continue—no defense activity shall be retarded because of a lack of housing."

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Fair rent committee established in Newark

Intensifying the effort to prevent unjustified rent increases and maintain rents at fair levels in Newark, N. J., the Fair Rent Committee appointed by Mayor Meyer C. Ellenstein held its organization meeting on May 5. The committee consists of two representatives of labor, two representatives of real estate owners, two representatives of the general public, and an impartial chairman, in accordance with the plan suggested by the Consumer Division, OPACS.

The Fair Rent Committee will seek to hold rents as close to predefense levels as possible, while making allowance for bona fide additional maintenance and other costs. Tenants' complaints will be filed with the committee.

On the basis of the information contained in the complaints and data gathered from other sources, the committee will employ negotiation and other voluntary measures to forestall and remedy unfair increases. Fair-rent legislation is at present under consideration by the New Jersey State Legislature.

Homes must meet needs of defense workers, statement on local management warns

A statement of policy on the "Coordination of Local Management Programs" for Government defense housing projects was issued May 9 by Coordinator Palmer.

The document sets forth in general outline form: (1) The responsibility for management of defense housing projects; (2) the procedure in developing programs; (3) tenant selection policies; and (4) application procedures.

Interested in availability

It was pointed out that the Division is primarily interested in the management programs for defense housing projects insofar as management policies affect the availability of houses for defense workers. Such questions as changes in the originally approved rent levels, high vacancies, abnormally high operation expenses, or an excessive number of local complaints would require the Coordinator to fulfill the responsibilities concerning management programs delegated under the Executive order establishing the Division.

Manual is sent

In submitting the document to the various housing agencies of the Government, Mr. Palmer stated:

"This outline of management policy is suggested as a starting point toward a solution to the management problems which will be encountered by various Federal and local agencies in their execution of the Government defense housing program.

"The main purpose of the Division is to expedite adequate and prompt production where needed of homes for workers and their families in defense industries and the enlisted personnel. However, it is essential that such accommodations, when provided, meet the need for which they were intended. To do this, it is necessary for the Government to establish a procedure flexible enough to meet varying conditions.

"The enclosed manual sets forth a general outline of how this objective best can be obtained."

Funds allocated for 9,825 homes; contracts awarded for 4,403 in week

Allocations were made for construction with public funds of 9,825 defense homes under the coordinated housing program the week ended May 3, Coordinator Palmer announced May 9. This raises the number of allocations made for the 2-month period between March 1 and May 3 to over 15,000 units.

Allocations have now been made for 87,260 family dwelling units, of which 61,512 are for civilian workers and 25,748 for married enlisted personnel. These units are located in 144 localities of 47 States and Territories.

5,000 units for Pittsburgh

The largest allocation made was in the Pittsburgh area for 5,000 units. These units, to be constructed by the Federal Works Agency, will house civilian workers employed in the iron and steel industries. The construction of 1,600 homes for civilian workers at Bridgeport, Conn., and 1,500 for civilian workers at San Diego, Calif., were assigned to the Office of the Federal Works Administrator. Among other areas to receive new allocations were Wilmington, N. C., 900 for civilian workers, with construction assigned to the United States Housing Authority, and 600 for enlisted personnel at Long Beach, Calif., with construction assigned to FWA.

Construction contracts for this week were among the largest ever awarded

under the defense housing program for any single week. Construction contracts for 4,403 units were awarded in widely diversified areas, from the east to the west coast. Total contracts awarded to date are for 58,542. Of this number, 36,227 are for civilian workers and 22,315 for the married enlisted personnel.

The United States Housing Authority awarded contracts for 600 units for civilian workers at Bridgeport, Conn., and 300 units for civilian workers at Kearney-Harrison, N. J. Among the other contracts awarded for the week ended May 3 were 150 units for enlisted personnel at Fresno, Calif., and 250 units at Williamsport, Pa., for civilian workers. These are to be constructed by the Public Buildings Administration.

580 new units completed

Completions for the week total 580 units, raising the number for the 2-month period between March 1 and May 3 to over 7,000 units. 9,604 units have now been completed in 32 localities of 18 States and Territories. Of these, 3,869 are for married enlisted personnel and 5,735 for civilian workers.

Completions were reported in scattered areas throughout the country and the island possessions. Among these were Honolulu with 200 units; Mare Island, Calif., 50; and Norfolk, Va., 50; all built by the Navy for enlisted personnel.

700 to confer on nutrition for defense

Federal Security Administrator Paul V. McNutt announced May 11 that 700 leaders in the fields of medicine and public health, social work, nursing, home economics and nutrition, agriculture, education, labor, industry, government, and community organization have been invited to attend the National Nutrition Conference for Defense which President Roosevelt has called in Washington May 26, 27, and 28.

"The purpose of this conference," Mr. McNutt said, "are to report on the present state of human nutrition in the United States and to outline the effects of inadequate nutrition on the health, efficiency, and morale of our people. The conference will make recommendations to the President for an immediate program of action."

In commenting on this conference, Surg. Gen. Thomas Parran said:

"Forty percent of the American population are not properly fed. The ill-health results mean a slowing down of industrial production, a danger to military strength, and a lowering of the morale of millions.

"America must speed up human power as well as mechanical production. Both England and Germany have learned this lesson. So must we. I hope that this conference will make recommendations to solve nutrition problems at national, State, and community levels as an essential part of defense and as a part of a continuing national health and welfare program."

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WPA to help housing registry

Howard O. Hunter, Acting Commissioner of Work Projects, has announced Presidential approval of a Nation-wide WPA program to assist in setting up and operating registries of vacant family dwellings and rooms in defense areas.

The program will operate in close cooperation with the Division of Defense Housing Coordination.

Mr. Hunter explained that the WPA is now prepared to provide clerical help to Homes Registration offices when communities request such aid.

STATUS OF PUBLIC DEFENSE HOUSING CONSTRUCTION, MAY 3, 1941

	Funds allocated		Contracts awarded		Completed	
	May 3	Apr. 26	May 3	Apr. 26	May 3	Apr. 26
Number of States and Territories.....	47	47	45	44	18	17
Number of localities.....	144	141	124	119	32	31
Number of projects.....	295	275	209	191	34	33
Number of family dwelling units (regular).....	87,260	77,435	58,542	54,139	9,604	9,024
Civilian industrial workers in private defense industry.....	35,265	34,780	17,523	16,073	2,142	2,106
Civilian industrial workers in Government plants.....	16,001	15,701	11,443	10,503	1,859	1,827
Other civilians, employed by the Army and Navy.....	10,246	10,246	7,261	7,261	1,734	1,683
Married enlisted personnel.....	25,748	26,708	22,315	20,302	3,869	3,408
Number of family dwelling units (trailers).....	2,035	2,035	1,909	1,859	-----	-----
Civilian industrial workers in private defense industry.....	2,035	2,035	1,909	1,859	-----	-----
Civilian industrial workers in Government plants.....	-----	-----	-----	-----	-----	-----
Number of units for single persons.....	6,991	6,891	4,973	4,115	-----	-----

PRIVATE CONSTRUCTION UNDER FHA MORTGAGE INSURANCE

	Week ended May 3	Previous week
New homes started.....	4,634	4,568
New home mortgages selected for appraisal.....	5,929	6,211

TRANSPORTATION . . .

Rails carry 600,000,000 pounds of explosives in year without fatality

Commissioner Ralph Budd, Transportation Division, National Defense Advisory Commission, called attention last week to the safety record of the railroads in carrying explosives.

The railroads of the United States and Canada in 1940 transported without fatality approximately 600,000,000 pounds of high explosives, which included among other things dynamite, black and smokeless powder, explosive ammunition, and blasting caps, the Bureau of Explosives of the Association of American Railroads has announced.

Only three minor accidents in which one person was injured took place in 1940 in connection with the transportation by rail of explosives in both Canada and the United States, according to the Bureau of Explosives. Two of the accidents were slight explosions resulting from the handling of toy torpedoes. The third

accident was due to a fire of unknown origin in a freight house, which resulted in the explosion of 1,000 blasting caps. Five hundred pounds of dynamite, awaiting removal by the consignee, were burned but did not explode.

Gasoline and acids

In addition, the railroads in 1940 transported great quantities of other dangerous articles such as gasoline, acids, and corrosive liquids, inflammable liquids, inflammable solids, poisonous articles, and compressed gases, with only 2 fatalities and injury to 74. One fatality resulted from the explosion of anhydrous ammonia when a freight warehouse caught fire. The other fatality resulted from an explosion which occurred when an empty tank car, formerly loaded with crude oil, was being cleaned. Only 3 accidents, all without fatalities, involving transportation of gasoline were reported in 1940, the best record for years.

43,680,000 carloads estimated for 1942

Commissioner Budd reports that the Association of American Railroads has completed and sent to the railroads a study of the probable freight-car loadings for 1942 and 1943, with an estimate of the additional freight cars necessary to handle this loading.

For 1942 the Association estimates a traffic of 43,680,000 carloads, requiring an increase in ownership of freight cars of approximately 120,000.

For 1943, the estimate of car loadings is 48,048,000, which would call for another increase of approximately 150,000 cars to handle the traffic of that year.

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Carloadings reach new peak for 1941

The resumption of bituminous coal production which took place May 1, resulted in bringing total carloadings for the week ended May 3 up to a new peak for the year 1941 to date. Loadings totaled 794,301 as compared to 665,547 cars during the corresponding week in 1940, or an increase of 19.3 percent. Coal loadings, while showing a decrease of 24.3 percent under the 1940 week, increased 53,000 cars compared to the week ended April 26 to reach a total of 92,786.

Miscellaneous carloadings totaled 358,917 cars, an increase of 31.7 percent over the corresponding week in 1940. This was also an increase over the peak of miscellaneous loadings experienced during the last week in October 1940, and brings this classification to a level not attained since 1930. The details follow:

CARLOADINGS, WEEK ENDED MAY 3, 1941

	1941	1940	Percent increase
Grain and grain products.....	33,854	33,173	2.1
Livestock.....	12,835	13,071	-1.8
Coal.....	92,786	122,544	-24.3
Coke.....	10,273	7,685	33.7
Forest products.....	42,674	31,215	36.7
Ore.....	79,271	35,478	123.4
Merchandise, l. c. l.....	163,601	149,902	9.2
Miscellaneous.....	358,917	272,479	31.7
Total.....	794,301	665,547	19.3
Cumulative to date, 18 weeks.....	12,970,065	11,331,289	14.5

IMMEDIATE START ORDERED ON ROADS TO ARMY CENTERS

As plans are being developed for the most intensive peacetime Army maneuvers ever held, an immediate start has been ordered on a \$2,616,049 program of construction of access roads to training areas and firing centers. Further authorizations will be made on the road program in the future.

The immediate start was ordered so that as much of the program as possible could be completed before the summer maneuvers get under way, to provide a smooth flow of traffic with the minimum interference to civilian travel.

Stations near which access roads will be built are:

Camp Edwards, Mass.; Pine Camp, N. Y.; Aberdeen Proving Ground, Md.; Fort Belvoir, Va.; Fort Eustis, Va.; Fort George G. Meade, Md.; Camp Polk, La.; Camp Blanding, Fla.; Fort Bragg, N. C.; Camp Davis, S. C.; Camp Forrest, Tenn.; Camp Stewart, Ga.; Camp Shelby, Miss.; Fort Knox, Ky.; Fort Custer, Mich.; Camp McCoy, Wis.; Fort Sheridan, Ill.; Fort Riley, Kans.; Camp Robinson, Ark.;

Fort Leonard Wood, Mo.; Fort F. E. Warren, Wyo.; Camp Wallace, Fort Sam Houston, Camp Bowie, and Camp Wolters, Tex.; Camp Roberts, Camp Callan, and Camp San Luis Obispo, Calif.; Fort Lewis, Wash.

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ADVISORY COMMISSION URGES COAL STORAGE

By resolution adopted May 7, the Advisory Commission to the Council of National Defense urges all coal users and dealers to order and store as much coal as practicable between now and the first of October. Full cooperation in this respect will spread the load, both as to mining and transportation, over a period generally slack so far as coal production movement is concerned, and operate to diminish the peak demand experienced in October and November.

The railroads can be particularly helpful in this campaign, not only in arranging for storage of company fuel, but in having their freight agents and solicitors carry the message to all coal receivers.

INTER-AMERICAN COOPERATION . . .

Progress toward economic defense of Western Hemisphere outlined by Rockefeller

If each person in the United States drank an extra cup of coffee daily, the foreign exchange problem of the 14 coffee-producing countries to the south would be greatly alleviated, according to Nelson A. Rockefeller, Coordinator of Commercial and Cultural Relations between the American Republics. This suggestion, and others, in addition to a general review of concrete steps already taken toward economic solidarity of the Western Hemisphere, were outlined by Mr. Rockefeller to the Economic Club of Chicago, May 7. Excerpts from Mr. Rockefeller's address follow:

I appreciate this opportunity of discussing with you the progress that has been made on the inter-American economic front and its relation to national defense. But before discussing this particular phase of the national defense effort, I should like to state my personal views of the whole defense program.

The American people have declared their determination to produce such arms as are necessary to defeat the forces that threaten the freedoms on which the American way of life is based. The American people have approved of legislation that would make available these essential materials to the democracies which are fighting this battle on the front lines. It is inconceivable to me that, after thus declaring our position, we should now hesitate in this critical time to deliver the materials we are producing.

To get these goods produced and delivered is our job today. We must, we can, and we will see that these goods reach the armies of the democracies. Fearlessly, unhesitatingly, with no doubt or uncertainty in our mind, we must unite in support of any and all measures that may be necessary to achieve these purposes.

Inter-American picture

And now—let us look at the inter-American picture:

As individuals we have not given much thought to economic problems of the other Americas—perhaps because we had plenty of problems to solve closer home.

But the economist sees in Central and South American countries a market for some 800 million dollars of our goods

annually, and a source of supply for a similar quantity of goods, many of which are vital to our defense program. He sees in these countries an area where the United States has invested some 4 billion dollars, which earn around 175 million dollars annually. He sees an area where our travelers spend 100 million dollars or more each year and whose travelers leave some 25 million dollars with us. He sees a region whose physical and human resources promise a large expansion in economic productivity.

Cannot afford to be lax

From this impressive over-all picture the economist reaches the conclusion that we cannot, as individuals, afford to be so lax in our interest. If we each drank another cup of coffee daily, he says, the foreign exchange problem of the 14 coffee-producing countries would be greatly alleviated. If we opened our eyes to the attractions of travel in this Hemisphere, we would find ample place for the expenditures of 100 to 200 million dollars which we had normally devoted to European travel, and in so doing we would be contributing to the mutual understanding which is the goal of the Americas.

The war in Europe has compelled us to reconsider the whole area of inter-American economic relationships.

The logic of our approach is simple. (1) Vulnerability on the economic front menaces our security as greatly as vulnerability on the military front. (2) The good neighbor is an economically strong neighbor. To the extent that any link in the hemisphere front is weak and inadequate, there is a flaw in our national defense. (3) We should therefore direct our efforts toward finding means to strengthen our neighbors in their resistance against forces that thrive on economic weakness.

When the war broke out, Central and South American countries were producing about 5 billion dollars of goods annually. These countries were exporting more than one-third of their total production, and to Continental Europe was going about 1 out every 10 dollars' worth of goods produced—some 500 to 600 million dollars.

The economic effort of our neighbors

to the south was concentrated in a small number of products: The four C's alone (coffee, corn, cotton, copper) accounted for more than 15 percent of total production, and with petroleum and wool, the leading half dozen commodities reached one-fourth of total production.

Exposed to war pressures of Europe

Thus poised on an economic base sufficiently precarious even under normal conditions, the Central and South American Republics suddenly found themselves exposed to the terrific pressure of the war in Europe.

Many markets lost

As the German army marched, market after market was closed to Latin America. Germany was a 200 million dollar market, Poland 10 million dollar, Denmark 14 million dollar, Norway 8 million dollar, Netherlands 57 million dollar, Belgium and Luxembourg 80 million dollar, Italy 30 million dollar, and France 75 million dollar. The terrific impact of this series of blows on the foreign exchange position of the individual American republics, on their capacity to purchase, on their public revenues deriving so largely from customs duties, you can readily appreciate. The accumulation of unsalable surpluses, with the accompanying slump in purchasing power of groups producing for export, threatened to envelop the industries which produced largely for the home market. The situation was extremely critical.

The initial adjustments indicated by such a situation were clear—gear more intimately to hemisphere markets, develop greater self-sufficiency at home and diversify production for export, reduce imports to approximate more closely capacity to pay.

It was equally clear, however, that such adjustments could not be effected immediately.

Thus, while our neighbors marshalled their resources towards an appraisal of the best means of adjustment, the United States stepped in with financial assistance. Around 125 million dollars in credits was made available by the Export-Import Bank to some 10 countries to ease the exchange situation, and the Treasury entered into a Stabilization Fund operation to the extent of 50 million dollars.

Meanwhile, the tremendous purchasing power of the United States market, now

boosted by growing defense requirements for strategic and critical materials, has been brought into play. In 1940 we increased our purchases from Central and South America by 170 million dollars, compared with 1938, and our purchases are currently running about 40 percent higher than in 1940. Our businessmen have turned south to locate new sources of goods that were previously obtained in Europe.

Our exports to these markets have increased at the rate of a quarter billion dollars annually compared with 1938.

Britain continues purchases

Another element that contributed to the maintenance of economic stability was the capacity of the British to keep ships moving to and from Latin America.

Still another element in the situation has been the problem of the great staples—coffee, corn, cacao, cotton, wheat, and sugar. In this field, the American Republics have paved the way for sincere mutually considerate action by reaching an agreement on coffee.

I should like to outline briefly some of the machinery that has been set up to implement the inter-American program. As a result of the Panama conference the Inter-American Financial and Economic Advisory Committee was set up. This committee, on which all the republics are represented, created the Inter-American Development Commission to stimulate trade among the republics, encourage the development of complementary industries, and promote the import of noncompetitive products into the United States.

The proposed Inter-American Bank, the convention for which was signed by the United States and eight other American republics, will effectively complement the already existing machinery available for inter-American financial problems.

A Merchandizing Advisory Service has been established to promote the sale of new products in this country.

In the area of the more immediate defense effort, the Government has recognized the necessity of making essential goods available to the other American republics. An Inter-American Shipping Committee was appointed some time ago to give special attention to the problem of ships for inter-American trade, and the Maritime Commission, under the able leadership of Admiral Land, and other agencies directly concerned have been doing everything possible to maximize the effectiveness of the tonnage available to this service and to assure bottoms for the essential flow of commodities north and south.

State of Mississippi adopts 6-point plan to aid defense

A civilian defense organization through which activities of official agencies and private groups are coordinated for defense was launched by Governor Paul Johnson of Mississippi on April 29 at a meeting in Jackson. Present were the 45 members of Mississippi's new Advisory Civilian Defense Council, the heads of State departments, L. L. Gravely of the Division of State and Local Cooperation, and other Federal officials.

In his opening address, Governor Johnson pointed out that it was the responsibility of the advisory council to devise means by which Mississippi may best be used in a coordinated civilian defense program. "The people look to the council for leadership," the Governor said. "They don't ask for an easy task—just to know what to do."

The plan adopted by the assembly is to be carried out through six divisions: Civil protection; agriculture; health, welfare, and consumer interest; housing and public works; human resources and skills; and public utilities, industrial resources and production. Prior to submission of this plan to the council, it had been developed by the executive committee of the State Defense Council. Col. Lea B. Robinson of Centerville, who is council chairman, is to appoint at once chairmen for each of the six divisions of the program.

Work is beginning immediately on inventories of the State's agricultural and industrial resources and on other aspects of the program.

In addition to the Governor and Colonel Robinson, others who spoke at the recent conference were Maj. G. R. Williams, civilian defense liaison officer of the Fourth Corps Area headquarters in Atlanta; Adj. Gen. Thomas J. Grayson, head of the State military department; Heber Ladner, assistant defense council coordinator; Maj. W. E. Holcomb, public relations officer; and four Negroes, including Jacob Reddix, head of the Jackson negro-training institute; and Percy Green, newspaper editor.

Funds are to be made available from the emergency fund set aside for the National Guard.

Coordinated agencies

Agencies coordinated under the six divisions of the council are as follows:

Civil protection.—Motor Vehicles Commission, Highway patrol, Highway De-

partment, Veterans' organizations, local law enforcement officers, Boy Scouts, Red Cross, State Association of Firemen, local fire departments, and Federal agencies.

Agriculture.—State Department of Agriculture, State College and Extension Department, Livestock Sanitary Board, Seafood Commission, Forestry Commission, and Federal agencies.

Health, welfare, and consumer interest.—Health Department, Welfare Department, Education Department, women's organizations (federated), State Medical Association, State Social Conference, State Hospital Commission, State Eleemosynary Commission, State chemist and laboratory, and Federal agencies.

Housing and public works.—Board of Architects, Highway Department, State Banking Department, State Bankers' Association, Board of Engineers, and Federal agencies.

Human resources and skills.—Unemployment Compensation Commission, labor organizations, vocational education, vocational training, Education Department, Vital Statistics Division of State Board of Health, civic organizations, religious organizations, fraternal organizations, and Federal agencies.

Public utilities, industrial resources and production.—State agencies; power, light, and gas companies; railroad companies; freight bus lines; Associated Industries of Mississippi; Mississippi Projects Council; Manufacturers' Association; telephone and telegraph companies; chambers of commerce; labor organizations; radio; food, marketing and preservation; textile industries; lumber manufacturers; and Federal agencies.

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AIR CORPS TO LEARN SPANISH

A WPA project to teach Spanish to officers of the Army Air Corps, both as a utilitarian measure and as a gesture of Latin-American good will, has been approved by the President and will get under way shortly at all Army air bases in continental United States, Puerto Rico, and Hawaii.

Maj. Gen. H. H. Arnold, Chief of the Army Air Corps, says:

"Air Corps officers will, perhaps, more than any other group be making contacts and developing these relations in Latin America."

STATE AND LOCAL COOPERATION . . .

U. S. mayors fly to Ottawa meeting; Canadians accept invitation to Santiago

Mayors and other municipal officials from the United States flew to Ottawa recently for the fourth annual conference of the Canadian Federation of Mayors and Municipalities. The conference was held April 22-24.

The delegates were welcomed by J. Pierrepont Moffat, United States Minister to the Dominion, and John Farr Simmons, counselor in the United States Legation at Ottawa, together with Mayor Stanley Lewis and members of the Board of Control and the Ottawa City Council. More than one hundred mayors of Canadian municipalities were also at the airport.

Mayors attending

Mayors from the United States who attended the conference were: Fiorello H. LaGuardia, New York City; I. N. McCrary, Fort Worth, Tex.; Maurice J. Tobin, Boston, Mass.; John Gage, Kansas City, Mo.; John J. Burns, Burlington, Vt.; Dr. Damase Caron, Manchester, N. H.; W. H. Dress, Evansville, Ind.; Ben E. Douglas, Charlotte, N. C.; John J. McDonough, St. Paul, Minn.; Joseph D. Scholtz, Louisville, Ky.; also present were Daniel W. Hoan, associate director, Division of State and Local Cooperation and formerly mayor of Milwaukee; and Paul V. Betters, Executive Director of the United States Conference of Mayors.

Problems discussed

Subjects on the program of the conference included wartime housing, unemployment and direct relief, air-raid precautions and civilian defense, municipalities, and the war effort, and general discussion of municipal problems.

Speakers included Malcolm MacDonald, High Commissioner to Canada for the United Kingdom; the Earl of Athlone, Governor General of Canada; Mayor LaGuardia, who is president of the United States Conference of Mayors; and Mr. Hoan. Addresses at some of the sessions were broadcast to the United States

and Canada and by short wave to England.

Mr. Hoan spoke on the inter-American Congress of Municipalities. This organization held its first Congress in Havana, Cuba, in November 1938, as the first Pan-American Congress of Municipalities. Since that time, national leagues of municipalities or commissions to organize such leagues have been established in all but three of the 21 Pan American Republics. Municipal officials in the United States participated in the work first through the American Municipal Association and then through the Amer-

ican Committee for the International Union of Local Authorities.

Canadians accept

Following the first congress, Mr. Hoan was designated to notify the delegates to the Canadian Federation of Mayors and Municipalities Conference of the desire of the Congress to include the Canadian cities, and to invite them to attend the second Congress which will be held in Santiago, Chile, September 15-21.

At the recent meeting in Ottawa, the Canadian Federation of Mayors and Municipalities resolved that the Federation endorse the forthcoming congress and that it endeavor to arrange for representation thereof of a small delegation of Canadian municipal representatives.

Pennsylvania defense council holds mobilization conference

With 1,800 representatives of governmental, fraternal, and civic groups participating, the Pennsylvania Council of Defense held its "Mobilization Conference" in Harrisburg on May 7.

The conference was called by Gov. Arthur H. James, ex-officio chairman of the State defense council.

The Division of State and Local Cooperation was represented by its Assistant Director, Benjamin W. Thoron, and the chief of the field staff, Allen Moore. Following an address by the Governor, there were speeches by Paul V. McNutt, Federal coordinator for Health, Welfare and Related Defense Activities, and Dr. Arnaud C. Marts, director of the State defense council. Dr. Marts declared it is urgent that municipalities set up local defense councils immediately to cooperate with the State agency. These local councils will be coordinated by the 11-member State council.

Groups' cooperation pledged

Lt. Gov. Samuel S. Lewis then called upon representatives of various cities, of industrial, labor, civic, and other groups. Each pledged full cooperation in the State's preparedness effort.

Governor James closed the conference with a call for "mobilization in the hearts

and minds of the people—mobilization for a cause that is worth fighting for. We speak of the United States as the arsenal of democracy," Governor James said. "Let us make industrial Pennsylvania the arsenal of America."

Each participant in the conference was given a series of bulletins on the organization and program of the State defense council. One, entitled "Civil Defense," indicates 12 ways in which private citizens can help defend America.

Manual for local organization

Another is a manual for the organization of local defense councils. "What the Women of Pennsylvania Can Do in the Defense Program" is outlined in a bulletin prepared by the woman member of the State defense council, Mrs. William J. Clothier. Emphasis is laid on volunteer defense activities in established community services and in defense services created by the present emergency. Possible defense training courses for women are listed.

Other bulletins are on "Industrial Preparedness," "Agriculture and Defense," and "Volunteer Aircraft Spotters." The last-mentioned bulletin outlines for citizens of the State the plan announced on a national scale by the Division of State and Local Cooperation.

Commitments for factory expansions total more than \$3,000,000,000

The Government had committed itself by March 30 to pay for \$1,915,000,000 of new factory facilities in building an "arsenal of democracy," the Office of Production Management announced May 13. The money is being used to construct plants and machinery to turn out airplanes, guns, tanks, machine tools, and other defense equipment.

Private industry

The commitments of private industry to build such facilities for which Certificates of Necessity had been issued or were pending on March 15 totaled \$977,000,000. This figure, however, does not take into account funds spent by private industry for defense plants for which Certificates of Necessity were not requested although the amount is not believed to be large. Nor does it include the billions in established industrial facilities now busy on defense orders.

All commitments of the Government, plus private financing under Certificates of Necessity, total \$2,892,000,000. If to this are added British commitments for plant facilities in the United States amounting to \$191,000,000, the total reaches \$3,083,000,000.

Government financing

Omitting letters of intent, the compilation shows that 86 percent of the Government commitments for defense plants, or \$1,412,000,000, is being spent

directly upon Government-owned plants, while 14 percent of Government commitments, or \$223,000,000, covers plant facility contracts.

Under plant facility contract financing, the private company erecting the defense plant or acquiring machinery receives from the Government the cost of the new facilities in 60 equal monthly installments. With this contract assuring payment, the contractor is able to finance the erection of the plant by private borrowing. At the end of the 5-year period, title to the facilities passes to the Government, unless the contractor exercises an option to purchase.

Average cost \$5,786,000

The number of Government-financed plants as of March 31 was 331, and the average cost was \$5,786,000. The number

PAMPHLET ON OEM AVAILABLE TO PUBLIC

The pamphlet "Office for Emergency Management—Functions and Administration" is now available in quantity. The price is 10 cents a copy with a discount of 25 percent allowed on lots of 100 or more. Requests should be addressed to the Superintendent of Documents, Washington, D. C., and must be accompanied by remittance.

of privately financed plants was 904, and the average cost \$729,000.

The following table shows as of March 31 the Government departments by which commitments have been made, value of commitments under letters of intent, the estimated cost of privately financed facilities and British commitments:

DEFENSE INDUSTRIAL FACILITIES

Commitments of \$25,000 and over by Federal Agency and privately financed through March 31, 1941

Commitment by:	Government-financed	Plant facility contracts
War Department	\$625,352,958	\$68,710,764
Navy Department	399,760,682	89,448,606
Defense Plant Corporation	1,386,529,153	-----
Reconstruction Finance Corporation (authorized loans)	-----	31,526,390
Maritime Commission	-----	33,374,500
Total	1,411,642,793	223,060,260

Total contract commitments and loans... \$1,634,703,053
Letters of intent..... 280,573,785

Total Government commitments	Percent
1,915,276,838	66.2
Privately financed facilities under certificates of necessity, as of March 15, 1941 (estimated cost)....	977,000,000 33.8

Total commitments—Government and private	Percent
2,892,276,838	100.0
British commitments...	191,000,000

Grand total.... 3,083,276,838

¹Includes direct obligations of the War Department totaling \$97,629,774 and of the Navy, totaling \$10,756,800.

OFFICE FOR EMERGENCY MANAGEMENT

WAYNE COY, Liaison Officer.

CENTRAL ADMINISTRATIVE SERVICES: Sidney Sherwood, Director.

COMMERCIAL AND CULTURAL RELATIONS BETWEEN THE AMERICAN REPUBLICS: Nelson Rockefeller, Coordinator.

DEFENSE AID REPORTS DIVISION: Maj. Gen. James H. Burns, Executive Officer.

DEFENSE COMMUNICATIONS BOARD: James Lawrence, Fly, Chairman.

DEFENSE HOUSING DIVISION: C. F. Palmer, Coordinator.

HEALTH, WELFARE, NUTRITION, RECREATION, AND RELATED ACTIVITIES: Paul V. McNutt, Coordinator.

INFORMATION DIVISION: Robert W. Horton, Director.

NATIONAL DEFENSE MEDIATION BOARD, Clarence Dykstra, Chairman.

NATIONAL DEFENSE RESEARCH COMMITTEE: Dr. Vannevar Bush, Chairman.

OFFICE OF PRICE ADMINISTRATION AND CIVILIAN SUPPLY: Leon Henderson, Administrator.
CONSUMER DIVISION: Harriet Elliott, Assistant Administrator.

STATE AND LOCAL COOPERATION: Frank Bane, Director.

TRANSPORTATION DIVISION OF THE ADVISORY COMMISSION: Ralph Budd, Commissioner.

OFFICE OF PRODUCTION MANAGEMENT:

COUNCIL

William S. Knudsen, Director General.
Sidney Hillman, Associate Director General.
Secretary of War, Henry L. Stimson.
Secretary of the Navy, Frank Knox.
Secretary, Herbert Emmerich.
General Counsel, John Lord O'Brien.

PRODUCTION DIVISION: John D. Biggers, Director.

PURCHASES DIVISION: Donald M. Nelson, Director.

PRIORITIES DIVISION: E. R. Stettinius, Jr., Director.

LABOR DIVISION: Sidney Hillman, Director.
RESEARCH AND STATISTICS BUREAU: Stacy May, Chief.